PRODUCT AND PROMOTION ADAPTATION IN EXPORT VENTURES: AN EMPIRICAL INVESTIGATION

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Abstract. While the desirability of marketing adaptation vs. standardization has long been debated within both academic and business circles, empirical studies investigating the conditions under which each strategy becomes appropriate have been rare. This article provides a formal investigation of the correlates of product and promotion adaptation in export ventures. A conceptual framework of product and promotion adaptation in export ventures is proposed to integrate the diverse perspectives on the issue of standardization versus adaptation. The conceptual framework is further specified in a testable form and tested via data collected by a series of in-depth personal interviews with export marketing managers. The results support the contingency perspective recently emerging in the standardization literature, and suggest that the degree of the various aspects of product adaptation (i.e., upon and after entry) and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach) are significantly influenced by company, product/industry, and export market characteristics. However, the profile of the correlates varies across the various aspects of product and promotion adaptation.

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With rapid advancement of communication and transportation technology and increasing interdependence of markets, the concept of global marketing has received considerable research attention over the last decade. One fundamental tenet of global marketing is that the international marketing process and program should be standardized across national boundaries [Hout, Porter and Rudden 1982; Terpstra 1987]. It has been argued that markets have become so homogenized that firms can market identical products and services around the globe through standardized marketing programs [Hamel and Prahalad 1985; Levitt 1983; Ohmae 1985].

Critics of global marketing, on the other hand, are skeptical of the feasibility and/or the benefits of standardizing marketing process and program. These critics argue that the long-existing cultural, political, and economic differences among nations require that marketing programs be adapted to the local market conditions [Boddewyn, Soehl and Picard 1986; Hill and Still 1984; Quechel and Hoff 1986; Sorenson and Wiechmann 1975; Wind 1986]. More recently, researchers have proposed a contingency perspective to identify factors that influence the degree of standardization that is feasible and desirable [Jain 1989; Kreutzer 1988; Rau and Preble 1987; Walters 1986].

Despite the fact that a significant number of articles have been published on the topic, there is little agreement on the conditions under which either standardization or adaptation is appropriate in foreign markets. No conclusive guidelines are available for international marketing managers with respect to how much standardization/adaptation is appropriate when a product is placed in a foreign market. This is largely due to the lack of empirical studies in this area and the fact that company practice in this area has preceded academic research [Jain 1989; Wind 1985]. Moreover, in a limited number of empirical studies that have been conducted on the topic, only the bivariate relationships have been assessed, leaving the relative significance of individual explanatory factors unknown. With a rapidly growing number of firms attempting to participate in international business, the issue of standardization versus adaptation of marketing programs assumes greater managerial as well as theoretical significance.

The purpose of this article is to propose and then empirically test a conceptual framework for the correlates of product and promotion adaptation in export ventures. The aim is to fill a gap in the literature and to provide relevant guidelines for international marketing managers' standardization/adaptation decisions. The article first reviews the standardization vs. adaptation debate and presents a conceptual framework. It then provides an empirical test of the framework using export venture-specific data collected by a series of in-depth personal interviews. The article concludes by discussing the research findings and their implications for management and future research.
A REVIEW OF THE STANDARDIZATION/ADAPTATION DEBATE

The debate over standardization vs. adaptation of marketing programs in international markets has continued for more than two decades. The majority of research published on the topic is conceptual in nature, with earlier studies focusing on the advertising function (e.g., Elinder [1961]; Roostal [1963]; Fatt [1964]). Among the first to examine standardization of international marketing activities were Bartels [1968] and Buzzell [1968]. Bartels [1968] argued that marketing principles are essentially the same everywhere, and that major differences are due to environmental characteristics of markets. It would then follow that, at least for products that are minimally influenced by environmental forces, a standardization strategy is an alternative. Buzzell [1968] directly addressed the benefits of, and barriers to, standardization of marketing. He also raised the question of which elements of the marketing mix should be standardized, to what degree, and under what conditions. These questions set the stage for later conceptual development of this topic.

According to Jain [1989], and Sorenson and Wiechmann [1975], research on the topic of marketing standardization can be classified into two streams—the marketing program and the marketing process. Marketing program refers to various aspects of the marketing mix, while marketing process relates to the tools that aid in the development and implementation of the marketing program [Jain 1989; Sorenson and Wiechmann 1975; Walters 1986]. The present study focuses primarily on those issues related to standardization of the marketing program.

The Case for Adaptation

Those who argue for marketing program adaptation generally point to the significant differences among nations in terms of cultures, stages of economic and market development, political and legal systems, and customer values and life styles. According to these researchers, marketing program is largely a local issue and the best course of action for a product ought to differ from market to market [Buzzell 1968; Hill and Still 1984; Wind 1986]. In a study of markets in Europe, Fournis [1962] noted that customs and traditions tend to persist. In another study, Fisher [1984] found that as people around the world become better educated and more affluent, their tastes actually diverge. A strong critic of standardization can be found in Wind [1986], and Douglas and Wind [1987]. They argued that the strategy of developing standardized world brands with common product features, names, and advertising is, at best, a special case that can be totally inappropriate for many situations. These authors also felt that the introduction of new global brands may well cannibalize the existing brands [Douglas and Wind 1987]. Hill and Still [1984] found that greater product adaptation is required in rural areas than in urban areas of the developing world. They noted that product adaptation,
whether mandatory or discretionary, can strengthen the product's competitive position in the marketplace. Limited availability and cost of communication media, as well as media habits of consumers, further undermine the suitability of a standardized marketing program. Similarly, Walters [1986] stated that variations in company and product characteristics make a poor case for the argument that a universal approach to marketing will be successful. Boddewyn, Soehl and Picard [1986] found that, although the globalization trend is on the rise, the proportion of firms adopting such a policy for matters other than branding and advertising of consumer nondurables is still small.

Likewise, Simmonds [1985] contended that for multinational corporations to survive the intense international competition, they must be responsive to the segments that demand unique treatment by virtue of institutional or customer idiosyncrasies. Green, Cunningham and Cunningham [1975] observed that significant differences in the attribute importance structures for two consumer goods exist between nations. They then concluded that advertising messages used in different nations should not contain the same appeals. Green and Langeard [1975] also found that substantial differences in consumer habits and innovator characteristics exist between two countries. Finally, Kotler [1986] and Kashani [1989] cautioned managers against the dangers of blind implementation of standardized marketing programs.

The Case for Standardization

In contrast, proponents of standardization usually emphasize the trend toward homogenization of world markets and the cost-saving benefits of marketing program standardization. According to these researchers, technology has contributed to homogenization of demand patterns. To compete effectively in the global market, firms must achieve cost efficiencies by standardizing their marketing programs.

One of the strong proponents of standardization is Levitt [1983]. Levitt argued that the advances in communication and transportation technologies, and the increased travel, contribute to globalization of markets. As a result, global customer groups have begun to emerge. To survive and succeed in the global market, a company must develop the capability to deliver a high-quality product at a competitive price. Standardization of marketing programs is an essential means by which a firm can achieve a low-cost competitive position in global competition, since standardization facilitates the realization of economies of scale in all value-adding activities. Levitt also felt that adaptation philosophy has been mainly an outcome of lack of vision on the part of multinational companies. For this reason, such companies are likely to disappear and be replaced by truly "global corporations."

Another key proponent of standardization is Ohmae [1985]. He noted that the Triad (United States, Western Europe, and Japan) constitutes the major markets, accounting for the bulk of world market potential. Customers in
these markets have become fairly homogeneous, making standardization feasible. Ohmae [1989] also contended that successful companies are those that stress the commonalities among markets and treat various markets with an equidistant perspective.

Similarly, Terpstra [1987] felt that standardization of marketing is facilitated by consumer mobility, media spillover, and global similarity of many industrial and consumer products. He argued that a universal brand and position can be a powerful marketing tool in international markets. He also believed that the possibility of reducing various costs through standardization would be an attractive option for exporters and multinational corporations.

**The Contingency Perspective**

More recently, researchers have proposed that neither complete standardization nor complete adaptation of marketing program is conceivable. Instead, they advocate a contingency perspective on the standardization vs. adaptation issue. According to this perspective, standardization and adaptation should be viewed as two extremes of the same continuum [Jain 1989; Quelch and Hoff 1986; Walters 1986]. Furthermore, the degree of standardization or adaptation is contingent upon a variety of internal and external factors [Akaah 1991; Buzzell 1968; Jain 1989; Wind 1986]. Building on a review of previous research, Jain [1989] presented a conceptual framework for determining the degree of marketing program standardization. According to Jain's [1989] framework, the degree of marketing program standardization is determined by factors such as target market, market position, nature of product, environment, and organizational factors. Jain then advanced thirteen propositions specifying how the degree of program standardization is determined by the specific factors.

However, Jain did not empirically test any of these propositions, leaving them as unconfirmed generalizations for international marketing managers. Other researchers also postulate correlates of the degree of standardization. For instance, Buzzell [1968], Sorenson and Wiechmann [1975], and Walters [1986] argued that differences in the cultural and legal environment, conditions of product use, company factor, and competition are important barriers to standardization. Samiee and Roth [1992] found that product characteristics, market coverage, and capacity utilization all impact standardization decisions.

**A PROPOSED CONCEPTUAL FRAMEWORK OF PRODUCT AND PROMOTION ADAPTATION**

Building on previous studies, especially those by Jain [1989], Walters [1986], Buzzell [1968], and Rau and Preble [1987], a conceptual framework of the correlates of product and promotion adaptation is presented in Figure 1. This framework is an adaptation in the context of export marketing of the more general contingency framework of marketing standardization presented
by Jain [1989]. Product and promotion adaptation are conceived as two separate constructs because standardization of product and promotion do not necessarily move apace [Boddewyn, Soehl and Picard 1986]. The framework posits that, in the context of export marketing, the degree of adaptation is influenced by company, product/industry, and export market characteristics.

While the framework in Figure 1 is conceptually consistent with the literature and is useful in identifying the correlates of product and promotion adaptation, it is too general to be directly testable without further specification. In Figure 2, the conceptual framework is respecified in a testable form, based on the export marketing literature [Aaby and Slater 1989; Cavusgil and Nevin 1981; Cooper and Kleinschmidt 1985; McGuinness and Little 1981] as well as the standardization literature [Buzzell 1968; Douglas and Wind 1987; Kacker 1972; Jain 1989; Quelch and Hoff 1986; Sorensen and Wiechmann 1975; Walters 1986].

Four features of the testable framework in Figure 2 are noteworthy. First, the unit of analysis underlying the framework is proposed to be a product-market export venture—the case where a product has been marketed in a specific foreign market. In view of the complexity of business operations of modern corporations, an accurate assessment of standardization would not be possible if the unit of analysis were the entire company. In contrast, the product-market level study is advantageous because it avoids confounding effects of multiple products of the same firm and/or multiple markets for the same product. Second, product adaptation is further classified into "product adaptation upon entry" and "product adaptation after entry" to reflect the evolutionary nature of the adaptation strategy. Similarly, promotion adaptation is classified into adaptation with respect to positioning,
packaging/labeling, and promotional approach to capture three aspects of the phenomenon. Third, the correlates of the degree of product and promotion adaptation are expressed in operational measures so that the framework is directly testable. Fourth, adaptation and standardization are conceptualized as two extremes of the same continuum. Hence, the higher the degree of adaptation, the lower the degree of standardization.

**Components of the Framework and Research Hypotheses**

Product adaptation is defined as the degree to which the physical product differs across national boundaries. Similarly, promotion adaptation refers to the degree to which the promotional program (e.g., positioning, packaging/labeling, and promotional approach) for a product differs across national boundaries [Jain 1989]. In most export ventures, product and promotion are elements of marketing program that are subject to greatest modification. The overall intensity of these modifications constitutes the degree of product and promotion adaptation.

Product adaptation strategy is likely to be evolutionary [Douglas and Craig 1989]. Product adaptation upon entry into an export market generally reflects the firm's response to the legal and technical regulations that are often mandated. In contrast, product adaptation after entry is likely to be discretionary...
in nature, reflecting management's better understanding of the export market idiosyncrasies. Hence, these two stages of product adaptation are examined separately in the present study. With respect to promotion, three aspects are investigated individually—positioning, packaging/labeling, and promotional approach. Positioning relates to the promotional themes developed to position the product against its competition in the export market. Packaging/labeling includes those aspects of a product's package and label that are designed to enhance the product's appeal to export customers beyond serving the protective and instructive functions. Promotional approach refers to the choice of media and allocation of promotional budget between advertising, sales promotion, and personal selling.

It should be noted that the literature makes no distinction between the correlates of the various aspects of product and promotion adaptation. Conceptually, standardization/adaptation of any aspect of the marketing program is influenced by company, product/industry, and export market characteristics. However, by focusing on the specific aspects of product and promotion adaptation, it is possible to detect differences in the degree to which a particular variable correlates with the various aspects of product and promotion adaptation. It should also be noted that the context of the present study is export ventures. Thus, using Douglas and Craig's [1989] framework of evolution of international marketing, firms included in the present study should be categorized into the "national market expansion" stage. Furthermore, the model and the hypotheses must be evaluated relative to this stage.

The first set of correlates, company characteristics, includes three variables. Firm's international experience refers to the amount of experience management has accumulated as an international business player. Export sales goal for the venture is simply the volume objective management has set for the export market. Entry scope pertains to whether a product is exported to a single foreign market or simultaneously to multiple foreign markets.

A firm can gain international experience via direct involvement in international transactions, operating in many foreign markets, interacting with foreign suppliers or distributors, and so on. In export marketing, a firm's learning process is likely to be facilitated by using subsidiaries rather than independent local distributors in the export market, since the control and feedback gained through the subsidiaries are an integral part of learning. It is proposed that the various aspects of product and promotion adaptation result from an enhanced understanding of export markets. An inexperienced firm seeks the closest match between its current offerings and overseas market conditions so that a minimal adaptation of product or promotion is required [Douglas and Craig 1989]. A firm that has accumulated more experience in international business has a greater appreciation of the differences between markets, and is more capable of responding to the idiosyncrasies of each market with the most effective marketing strategy [Cateora 1990; Terpstra 1987]. Such a firm is more likely to pursue discretionary product modification and promotion adaptation in order to gain a competitive advantage.
Similarly, export sales goal for the venture is hypothesized to relate positively to the various aspects of product and promotion adaptation. This is because when a firm sets an ambitious sales goal for its export venture, it needs deeper penetration of the export market to meet the goal. Meeting customers' unique needs and requirements can be better accomplished through adaptation of product and promotion [Douglas and Craig 1989; Hill and Still 1984]. Moreover, the cost of product or promotion adaptation is more easily justified when a greater volume objective is set for the venture.

A lower degree of the various aspects of product and promotion adaptation can be expected when a product is exported simultaneously into multiple export markets than a single export market. Product adaptation usually involves costs of developing alternative product variations, whereas promotion adaptation incurs costs of using different promotional messages, appeals, packaging/labeling, and media [Buzzell 1968; Douglas and Wind 1987; Onkvisit and Shaw 1987]. When a product simultaneously enters multiple export markets, the cost of adapting the product and promotion to fit the conditions in each of the markets is likely to be compounded by substantial initial investment or set-up costs. These include the costs of establishing a working relationship with distributors and developing a sharper understanding of export customer needs. In such a situation, economies of scale in production and marketing will be particularly important to a firm, necessitating a lower degree of product and promotion adaptation in each individual export market.

The expectations discussed above are expressed in the following hypotheses:

H1: As a firm's international experience increases, the degree of the various aspects of product adaptation (i.e., upon and after entry) and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach) increases.

H2: As the export sales goal for an export venture increases, the degree of the various aspects of product adaptation (i.e., upon and after entry) and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach) increases.

H3: The degree of the various aspects of product adaptation (i.e., upon and after entry) and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach) is lower when a product is exported simultaneously into multiple markets than when it is exported to a single market.

The second set of correlates, product/industry characteristics, is represented by four variables in the testable framework. Specifically, technology orientation of industry refers to the extent to which the industry is considered to be a technology-intensive industry. Product uniqueness is defined as the degree to which the product is designed/made to satisfy unique needs or to
be used for unique purposes. Cultural specificity of product pertains to the extent to which the product caters to the needs of a specific culture or subculture. Cultural specificity of product differs from product uniqueness in that the former is culture based, while the latter is not. Type of product relates to the classification of the product in terms of consumer goods versus industrial goods.

It is hypothesized that technology orientation is negatively related to the various aspects of product and promotion adaptation. Global strategies are more suitable in technology-intensive industries such as computers, aircraft, medical equipment, or photocopier industries than in "old-line" industries such as clothing, food, or household cleaners. The products in the latter industries appeal to tastes, habits, and customs, which tend to vary from market to market [Douglas and Urban 1977; Hovell and Walters 1972; Jain 1989]. Hence, technology orientation of industry should relate negatively to product and promotion adaptation.

Product uniqueness is hypothesized to relate positively to the various aspects of product and promotion adaptation. If a product meets universal needs, standardization is facilitated [Levitt 1988]. If a product meets only unique needs, greater adaptation will be required to meet export customers' product use conditions [Buzzell 1968; Keegan 1969; Hill and Still 1984], and to educate export customers in using and maintaining the product. Similarly, cultural specificity of product is hypothesized to positively influence the various aspects of product and promotion adaptation. When a culture-specific product is exported to a foreign market, the cultural base on which the product is developed may not match the cultural base of the new market. In order to have viable growth opportunities, the product must be adapted to the conditions of the export market, and its relative positioning, packaging/labeling, and promotional approach must be customized to fit the cultural idiosyncrasies (e.g., language and symbolism) in the export market [Buzzell 1968; Douglas and Wind 1987; Jain 1989].

Standardization is more likely with industrial goods than with consumer goods [Boddewyn, Soehl and Picard 1986; Jain 1989]. Demand for industrial goods tends to be relatively homogeneous across markets, making it feasible to standardize industrial goods and their promotional programs. In contrast, demand for consumer goods is bound by cultural customs and economic conditions, making adaptation of product and promotion necessary. Therefore, the following hypotheses are expected:

**H4:** As technology orientation of industry increases, the degree of the various aspects of product adaptation (i.e., upon and after entry) and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach) decreases.

**H5:** As product uniqueness increases, the degree of the various aspects of product adaptation (i.e., upon and after entry) and
promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach) increases.

H6: As cultural specificity of product increases, the degree of the various aspects of product adaptation (i.e., upon and after entry) and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach) increases.

H7: The degree of the various aspects of product adaptation (i.e., upon and after entry) and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach) is lower for industrial products than for consumer products.

The third and final set of correlates relates to export market characteristics. Similarity of legal regulations is defined as the degree to which the legal regulations (e.g., health, safety, technical) in the export market are similar to those in the home market. Market competitiveness refers to the intensity of competition that the export venture encountered in the export market. Product familiarity of export customers relates to the extent to which the export customers are familiar with the product.

Similarity of legal regulations is expected to be negatively related to the various aspects of product and promotion adaptation. In an export market where the legal regulations are comparable to those in the home market, firms have less pressure to modify their product offerings and promotional programs [Bartels 1968; Buzzell 1968; Jain 1989]. In contrast, firms will be forced to modify their products and promotional programs in an export market where regulations dictate different health, safety, or technical standards [Buzzell 1968; Doz and Prahalad 1980].

Export market competitiveness is predicted to be positively related to the various aspects of product and promotion adaptation. In a highly competitive market, competitive pressures may necessitate customization to gain an advantage over rivals by matching local conditions more precisely [Hill and Still 1984; Jain 1989]. In contrast, in a captive market where the product already enjoys a leadership position, a high degree of standardization may be desirable [Porter 1986].

Product familiarity of export customers is hypothesized to negatively relate to the various aspects of product and promotion adaptation. Varying levels of awareness, knowledge, familiarity, and affect with a product/brand may result in differential attitudes toward similar products [Parameswaran and Yaprk 1987]. Thus, a familiar product can engender more favorable attitudes and greater acceptance, allowing the exporter greater freedom in standardizing product and promotion [Buzzell 1968]. A lesser known product, on the other hand, may require reformulation in order to enhance customer reception. Consequently, the following hypotheses are tested:

H8: As similarity of legal regulations increases, the degree of the various aspects of product adaptation (i.e., upon and after entry)
and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach) decreases.

H9: As market competitiveness increases, the degree of the various aspects of product adaptation (i.e., upon and after entry) and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach) increases.

H10: As product familiarity of export customers increases, the degree of the various aspects of product adaptation (i.e., upon and after entry) and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach) decreases.

RESEARCH METHODOLOGY

Unit of Analysis and Personal Interviews

The study reported here relied on a series of in-depth personal interviews with international marketing managers who are directly involved in their companies' export ventures. The interviews sought managers' perceptions of product and promotion adaptation implemented in export ventures, as well as factual information about the company, product/industry, and export market. Export marketing is relevant for three reasons. First, exporting is an important form of international business for many firms, both large and small. Second, exporting involves planning and execution of all aspects of a marketing program, including product, positioning, packaging/labeling, and promotional approach. Third, studying exporting offers a superb opportunity for isolating individual product-market export ventures for study, which is the unit of analysis underlying the proposed conceptual framework.

The cases (i.e., export ventures) under investigation were those in which a company had been exporting a product into a foreign market for at least five years. Thus, considerable history existed of the particular venture within the company. As opposed to studies that were undertaken at the company level and used mail surveys, this study was conducted at the product-market venture level and utilized a series of in-depth personal interviews. This allowed easier delineation of the history, and the particulars of the specific export venture engaged in by the company. The companies chosen for the study were manufacturing enterprises. Appendix 1 presents a profile of the sampled export ventures.

Personal interviews were instrumental in gaining the trust and cooperation of the responding executives. They also permitted greater control by the interviewers, and provided instant feedback and an opportunity for clarification of issues. Specifically, the use of in-depth personal interviews ensured that: (1) the managers chosen were those who were directly involved in the export ventures studied and fully knowledgeable of all aspects of the export ventures; and (2) the managers fully understood the purpose of the study.
and the *exact meaning* of the measures solicited by the interviewers. Hence, given the complexity of the export ventures studied, it is felt that the measures solicited through in-depth personal interviews are more *comprehensive, valid*, and *reliable* than what would have been possible through a mail survey.

**Population, Sample, and Data Collection**

A semi-structured instrument was used to guide the interviews. The instrument included variables and corresponding measurement scales intended to solicit information about company experiences in instances of exporting a product into a foreign market. The variables and scales were *pretested* through a series of in-depth personal interviews with export marketing managers responsible for the planning and execution of international market entry ventures. Based on the pretest results, certain revisions were made to the instrument, and the *content validity* of the measures was established.

The in-depth personal interviews were conducted in the midwestern United States (Illinois, Indiana, Michigan, Ohio, and Wisconsin). The list of companies with export marketing operations was compiled from state export promotion agencies and several trade associations. The export ventures of manufacturing companies in the list were considered as the *study population*. Next, export marketing managers of the export ventures were contacted by phone in order to ensure that they were qualified for (directly involved in and fully knowledgeable of an export venture) and willing to participate in the study. An appointment was then secured for an interview. Interviews were conducted over a period of one year, with each interview lasting approximately two hours. Hence, the *study sample* was composed of those export ventures whose managers were qualified for and willing to participate in the present study.

During each interview, the same two experienced international marketing researchers were present. The interview was focused on the particular product-market export venture studied, and followed an open-ended format. Using the semi-structured instrument as a guide, the interviewers probed the managers on the company’s international business involvement, planning and entry of the export venture studied, export marketing strategies and operations, product/industry characteristics, export market characteristics, and other aspects of the venture. Based on the information revealed in the discussion, they independently assigned a rating score to each of the variables. They also collected background reports, product literature, and export marketing plans that were pertinent to the venture.

Immediately following the interview, the two researchers, based on standard procedures established at the outset, independently reviewed the information and finalized the score assigned to each of the variables that were included in the instrument and measured by 5-point bipolar scales. The two researchers then compared their ratings, resolved any differences, and
reached a final agreement on the score assigned to each of the variables. Earlier in the research process, the inter-rater agreement (calculated as the number of variables to which the two researchers assigned the same score as a percentage of the total number of variables (see Perreault and Leigh [1989] for a discussion of the measure)) was only about 70% prior to the two researchers resolving their differences. As the study proceeded, a more consistent pattern of ratings emerged, increasing the inter-rater agreement substantially. Overall, the inter-rater agreement averaged about 80%.

These interviews resulted in 202 product-market export venture cases, across seventy-nine firms, and over a dozen manufacturing industries. Where some companies provided more than one export venture case, the interview regarding a particular venture was made independent of the interview regarding another venture of the same company. This was accomplished by interviewing different managers from the same company and by focusing on a different product-market export venture of the same company. Since respondents' willingness to participate in the study was ensured before the interview, the response rate was virtually 100%.

Of these 202 cases, 184 cases could be clearly classified into either consumer products or industrial products. Since one of the research hypotheses pertains to type of product, only these 184 cases were used for the present analysis. Of the 184 cases, 97 cases (52.7%) are consumer products and 87 cases (47.3%) are industrial products. Hence, the effective sample for this study consists of 184 cases of product-market export venture.

Dependent Variables

The five dependent variables in the framework relate to the degree of product adaptation (i.e., upon and after entry) and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach). Each of these variables was measured by a single 5-point bipolar scale (1=no adaptation, 5=substantial adaptation). Appendix 2 illustrates the typical questions asked for soliciting measures of the variables.

Independent Variables

Nine independent variables were directly measured by single indicators. Specifically, 5-point bipolar scales were used to gauge: the export sales goal for the venture (1=modest, 5=high); the degree of technology orientation of industry (1=not technology-intensive, 5=technology-intensive); the degree of product uniqueness (1=universal, 5=unique); the degree of cultural specificity of the product (1=not culture-specific, 5=culture-specific); the degree to which the legal regulations (e.g., health, safety, technical) in the export market are similar to those in the home market (1=different, 5=similar); the extent to which export customers were familiar with the product (1=not familiar, 5=familiar); and the intensity of competition in the export market.
(1=no competition, 5=very competitive). In addition, nominal scales were used to classify whether the product was a consumer, industrial, or other type of product, and whether the product was simultaneously exported to multiple foreign markets or to a single foreign market.

The remaining independent variable, firm's international experience, was measured by three items in an attempt to tap both perceptual and objective dimensions. These are: (a) perceived degree of management's international experience (5-point bipolar scale with 1=none, 5=considerable); (b) the number of years the company has been involved in international business (actual number); and (c) the number of foreign countries where the company has ongoing operations (actual number). The three items were summed to form a composite scale for the firm's international experience. Coefficient alpha for this scale was 0.814, suggesting the convergence of both perceptual and objective measures of international experience [Cronbach 1951]. Appendix 3 shows the means and standard deviations of the investigated variables.

**Analytical Approach**

To assess the proposed conceptual framework and test the research hypotheses, multiple regression analysis with an ordinary least square (OLS) criterion was applied. Specifically, five regression models were estimated—with product adaptation upon entry, product adaptation after entry, positioning adaptation, packaging/labeling adaptation, and adaptation of promotional approach as dependent variables. In addition, separate t-tests were performed to test hypotheses H3 and H7.

**FINDINGS**

According to Bagozzi [1980] and Churchill [1987], discriminant validity is present if measures that should not correlate with each other, in fact, do not highly correlate with each other; and convergent validity is present if measures that should correlate with each other do, in fact, correlate with each other. An examination of the intercorrelations between the independent variables indicates that these independent variables are not highly correlated (the highest intercorrelation is .39), suggesting the clear presence of discriminant validity of the measures [Churchill 1987]. In addition, the presence of convergent validity of the measures is also evidenced because: (1) as implied by the research hypotheses, the intercorrelations between the dependent and independent variables are generally high relative to those between the independent variables; and (2) the intercorrelations between the three measures of international experience are above .50, and those between the five dependent variables are above .40. The low intercorrelations between the independent variables also suggest that multicollinearity is not a serious concern in the regression analysis [Dillon and Goldstein 1984].
Product Adaptation

Table 1 presents the estimates of key parameters of multiple regression models for product adaptation both upon entry and after entry. Both models are statistically significant ($p<.001$) and have acceptable $R$-squares. The diagnostics of the models also indicate no inconsistencies in the parameter estimates. Hence, it is concluded that the two models adequately fit the data.

From Table 1, it is clear that product adaptation upon entry is influenced *significantly and positively* by cultural specificity of product, and *significantly but negatively* by technology orientation of industry and similarity of legal regulations. Among the three significant correlates, the legal environment is the most important factor in firms' decisions to adapt their products upon entry, followed by cultural specificity of product and technology orientation of industry. Product adaptation after entry is influenced *significantly and positively* by firms' international experience, cultural specificity of product, and competitiveness of export market, and *significantly but negatively* by technology orientation of industry and product familiarity of export customers. Interestingly, similarity of legal regulations is not a significant factor in firms' decisions to seek product adaptation after entry. Instead, the most important factor is firms' international experience, suggesting that product adaptation subsequent to entry is enhanced by the amount of international experience the management possesses.

Table 2 presents the $t$-test results with respect to entry scope and type of product. As expected, the degree of product adaptation upon entry is higher when the product is exported to a single export market than when it is simultaneously exported to multiple export markets, and the degree of product adaptation after entry is higher for consumer products than for industrial products. Presumably, single market entry allows management to concentrate on appropriate modifications for the customers in the particular export market. It also appears that industrial products are less subject to modification once introduced into an export market, while such opportunities remain for consumer products. The results reveal no significant differences between consumer and industrial products in terms of the degree of product adaptation upon entry, and between single- and multiple-market entry in terms of the degree of product adaptation after entry.

Promotion Adaptation

Table 3 presents the estimates of three multiple regression models—positioning adaptation, packaging/labeling adaptation, and adaptation of promotional approach. All three models are statistically significant ($p<.001$), and have acceptable $R$-squares. In addition, there is no abnormality in parameter estimates. Thus, it is concluded that the three models fit the data adequately. Specifically, positioning adaptation is influenced *significantly and positively* by the firm's international experience, product uniqueness, and competitiveness.
TABLE 1
Multiple Regression Results for Product Adaptation

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Upon Entry</th>
<th></th>
<th>After Entry</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta Weight</td>
<td>Sig. Level</td>
<td>Beta Weight</td>
<td>Sig. Level</td>
</tr>
<tr>
<td>Firm’s international experience</td>
<td>-.025</td>
<td>n.s.</td>
<td>.276</td>
<td>&lt; .001</td>
</tr>
<tr>
<td>Export sales goal for the venture</td>
<td>-.006</td>
<td>n.s.</td>
<td>.118</td>
<td>n.s.</td>
</tr>
<tr>
<td>Technology orientation of industry</td>
<td>-.199</td>
<td>&lt; .01</td>
<td>-.215</td>
<td>&lt; .01</td>
</tr>
<tr>
<td>Product uniqueness</td>
<td>.030</td>
<td>n.s.</td>
<td>-.025</td>
<td>n.s.</td>
</tr>
<tr>
<td>Cultural specificity of product</td>
<td>.210</td>
<td>&lt; .01</td>
<td>.147</td>
<td>&lt; .05</td>
</tr>
<tr>
<td>Competitiveness of export market</td>
<td>.121</td>
<td>n.s.</td>
<td>.139</td>
<td>&lt; .10</td>
</tr>
<tr>
<td>Similarity of legal regulations</td>
<td>-.227</td>
<td>&lt; .01</td>
<td>-.074</td>
<td>n.s.</td>
</tr>
<tr>
<td>Product familiarity of export customers</td>
<td>-.120</td>
<td>n.s.</td>
<td>-.196</td>
<td>&lt; .05</td>
</tr>
</tbody>
</table>

$R^2 = .17$ $F = 4.25$  
$R^2 = .22$ $F = 5.98$  
Sig. $F < .001$  
Sig. $F < .001$

TABLE 2
T-Test Results for Product Adaptation

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Product Adaptation upon Entry</th>
<th>Product Adaptation after Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>t-Value (p)</td>
</tr>
<tr>
<td>Type of Product</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer</td>
<td>2.124</td>
<td>-.52</td>
</tr>
<tr>
<td>Industrial</td>
<td>2.218</td>
<td>&gt; .30</td>
</tr>
<tr>
<td>Entry Scope</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Market</td>
<td>2.618</td>
<td>3.55</td>
</tr>
<tr>
<td>Multiple Markets</td>
<td>1.943</td>
<td>&gt; .001</td>
</tr>
</tbody>
</table>

of export market, and **significantly but negatively** by technology orientation of industry and similarity of legal regulations. The most important factors in prompting positioning adaptation are product uniqueness and competitiveness of export market. Packaging labeling adaptation is influenced **significantly and positively** by a firm's international experience, export sales goal for the venture, product uniqueness, cultural specificity of product, and competitiveness of export market, and **significantly but negatively** by technology orientation of industry and product familiarity of export customers. The most important consideration in packaging labeling adaptation decision is the intensity of competition in the export market. Finally, adaptation of promotional approach is influenced **significantly and positively** by a firm's international experience, product uniqueness, cultural specificity of product, and competitiveness of export market, and **significantly but negatively** by
TABLE 3
Multiple Regression Results for Promotion Adaptation

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Positioning</th>
<th>Packaging/Labeling</th>
<th>Promotional Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta W.</td>
<td>Sig. L.</td>
<td>Beta W.</td>
</tr>
<tr>
<td>Firm's international experience</td>
<td>.200 &lt;.05</td>
<td>.155 &lt;.05</td>
<td>.304 &lt;.001</td>
</tr>
<tr>
<td>Export sales goal for the venture</td>
<td>-.013 n.s.</td>
<td>.278 &lt;.001</td>
<td>.078 n.s.</td>
</tr>
<tr>
<td>Technology orientation of industry</td>
<td>-.189 &lt;.05</td>
<td>-.252 &lt;.001</td>
<td>-.186 &lt;.01</td>
</tr>
<tr>
<td>Product uniqueness</td>
<td>.278 &lt;.001</td>
<td>.230 &lt;.01</td>
<td>.330 &lt;.001</td>
</tr>
<tr>
<td>Cultural specificity of product</td>
<td>.082 n.s.</td>
<td>.208 &lt;.01</td>
<td>.123 &lt;.10</td>
</tr>
<tr>
<td>Competitiveness of export market</td>
<td>.258 &lt;.01</td>
<td>.324 &lt;.001</td>
<td>.295 &lt;.001</td>
</tr>
<tr>
<td>Similarity of legal regulations</td>
<td>-.118 &lt;.10</td>
<td>-.092 n.s.</td>
<td>.090 n.s.</td>
</tr>
<tr>
<td>Product familiarity of export customers</td>
<td>.004 n.s.</td>
<td>-.216 &lt;.01</td>
<td>-.147 &lt;.10</td>
</tr>
</tbody>
</table>

$R^2=.21 \quad F=5.56 \quad \text{Sig. } F<.001$

$R^2=.31 \quad F=9.77 \quad \text{Sig. } F<.001$

$R^2=.29 \quad F=8.95 \quad \text{Sig. } F<.001$

Technology orientation of industry and product familiarity of export customers. Product uniqueness, the firm’s international experience, and competitiveness of export market seem to be the most important factors prompting the adaptation of promotional approach.

$T$-test results with respect to entry scope and type of product are presented in Table 4. Consistent with the hypotheses, the degree of adaptation of positioning, packaging/labeling, and promotional approach is higher for consumer products than for industrial products. Contrary to the hypotheses, however, the degree of adaptation of positioning and promotional approach is higher for multiple-market entry than for single-market entry. The influence of entry scope on packaging/labeling adaptation is not significant.

Overall, with the exception of the impact of entry scope on the adaptation of positioning and promotional approach, and a few nonsignificant findings, the results are largely consistent with the research hypotheses and corroborate the conceptual framework proposed.

DISCUSSION

Few empirical studies have been conducted to test a contingency framework of marketing standardization/adaptation such as the one proposed here. The present study represents an effort in testing empirically some major hypotheses that have emerged in the literature. Building on previous studies (e.g.,
TABLE 4
T-Test Results for Promotion Adaptation

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Positioning</th>
<th>Promotion Adaptation</th>
<th>Packaging/Labeling</th>
<th>Promotional Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>t-Value (p)</td>
<td>Mean</td>
<td>t-Value (p)</td>
</tr>
<tr>
<td>Type of Product</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer</td>
<td>2.531</td>
<td>1.74</td>
<td>2.667</td>
<td>4.59</td>
</tr>
<tr>
<td>Industrial</td>
<td>2.172</td>
<td>(&lt;.05)</td>
<td>1.747</td>
<td>(&lt;.001)</td>
</tr>
<tr>
<td>Entry Scope</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Market</td>
<td>2.050</td>
<td>-2.06</td>
<td>2.283</td>
<td>.31</td>
</tr>
<tr>
<td>Multiple Markets</td>
<td>2.500</td>
<td>(&lt;.05)</td>
<td>2.213</td>
<td>(&gt; .30)</td>
</tr>
</tbody>
</table>

Buzzell [1968]; Jain [1989]; Walters [1986]), a contingency framework of the correlates of product and promotion adaptation is proposed and further specified in a testable form. This framework is then tested by multiple regression analysis and t-test. The results of this research generally corroborate the contingency perspective that recently emerged in the standardization/adaptation literature (e.g., Jain [1989]). The degree of product adaptation (both upon and after entry) and promotion adaptation (including positioning, packaging/labeling, and promotional approach) in export ventures is found to be contingent upon company, product/industry, and export market characteristics. Stated differently, it is difficult to make blanket statements about suitable standardization/adaptation strategy without an examination of the company background, product/industry features, and the characteristics of the export market.

What are those characteristics of the company, product/industry, and export market that lead management to make adjustments to their domestic marketing program? Findings of the present study shed considerable light on this fundamental issue. For both product and promotion adaptation, the key factors that warrant such adjustments include the firm’s international experience, technology orientation of the industry, competitiveness of the export market, and cultural specificity of the product. Confronted with these circumstances, managers appear to opt for departures from the domestic marketing program. However, the impact of a particular characteristic varies across the various aspects of product and promotion adaptation. These findings are in harmony with the previous studies (e.g., Buzzell [1968]; Keegan [1969]; Sorenson and Wiechmann [1975]; and Jain [1989]). The following highlights some specific findings of the research.

There is ample empirical evidence that a distinction among the various aspects of the export marketing program is warranted in making an adaptation
decision. Correlates of adaptation do exhibit a different profile among the various aspects of product adaptation (i.e., upon entry and after entry) and promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach). When the issue is product adaptation, cultural specificity of the product and technology orientation are relevant considerations both upon and after entry. Beyond this, however, there are differences. Initial adaptation of product appears to be prompted by the legal regulations of the export market (e.g., health, safety, and technical requirements that are often mandatory), and the cultural specificity of the product. In contrast, product adaptation subsequent to entry is governed primarily by considerations such as management's international experience, the competitive intensity of the export market, the technology orientation of the industry, and the export customers' familiarity with the product.

Contrary to expectations, product uniqueness and export sales goal for the venture do not account for any significant variations in product adaptation. These results beg further research effort. It would have been natural to expect that managers place greater attention on product adaptation in those circumstances where there is relatively more at stake and the product is a unique formulation. Nevertheless, the relevance of the same two variables is justified when they emerge as significant correlates of promotion adaptation. Product uniqueness dictates changes in all three aspects of promotion adaptation (i.e., positioning, packaging/labeling, and promotional approach). It is interesting that, instead of physically modifying the product, firms selling a unique product rely on adaptation of positioning, packaging/labeling, and promotional approach to increase the viability of the product in the export markets. The export sales goal for the venture, on the other hand, significantly correlates with packaging/labeling adaptation, implying that managers find investments in packaging/labeling adaptation justified by the high expectation of sales in a particular export venture.

Four variables significantly and consistently impact all three aspects of promotion adaptation. These are the firm's international experience, technology orientation of the industry, product uniqueness, and the competitive intensity of the export market. These results suggest that there may be both proactive and reactive dimensions in firms' decisions to seek promotion adaptation in the export market. As firms gain more international experience, they begin to grasp the subtle market differences [Douglas and Craig 1989; Terpstra 1987]. Through modification of positioning, packaging/labeling, and promotional approach, the experienced firms may proactively match their offering to the idiosyncratic situations of the export market. Less experienced firms may attempt to avoid modifications possibly due to lack of knowledge of export market requirements and a tentative commitment to international business. These findings were also confirmed in the in-depth interviews we conducted. In general, the experienced firms are more likely to own subsidiaries, secure control and feedback, and seek opportunities to
match their offerings to export customers' requirements. When competition in the export market is intense, the industry is technology intensive, or the product is unique, firms may reactively adapt their products in order to improve their competitive standing [Jain 1989; Robinson 1987].

The results support the view that greater adaptation of product and promotion is necessary for consumer products than for industrial products [Boddewyn, Soehl and Picard 1986; Jain 1989]. With the exception of product adaptation upon entry, consumer goods marketers appear to seek a higher degree of product adaptation after entering the export market, and a higher degree of adaptation of positioning, packaging/labeling, and promotional approach. Presumably, industrial products offer greater universal appeal and already meet necessary standards in the export market [Boddewyn, Soehl and Picard 1986]. The results are also uniformly consistent with the literature in the sense that, as an industry becomes more technology intensive, the degree of standardization tends to be higher [Jain 1989]. This may be the result of the fact that the demand for technology-intensive products tends to be universal across the markets [Hamel and Prahalad 1985; Levitt 1983]. In contrast, "old-line" products tend to be more specialized and cater more closely to the tastes, habits, and preferences of customers, requiring a higher degree of adaptation in export markets [Douglas and Urban 1977; Hovell and Walters 1972; Jain 1989].

Is management responsive to variations in the competitive intensity of the export market? The answer is a definite "yes." Indeed, competitive pressures bring about enthusiastic efforts to tailor the product and promotion to the export market characteristics. This finding is in line with conventional marketing wisdom that only the products that better satisfy customer requirements can eventually survive competition [Porter 1985]. Successful exporters may be those who can meet the export customers' needs better than competition via product and promotion adaptation.

With respect to firms’ choices of entry scope (i.e., single- versus multiple-market entry), the results are mixed. Within the context of product, adaptation subsequent to entry is not affected by the scope of entry, whereas adaptation prior to entry appears to be facilitated by entering into a single market. Single-market entry may allow management to concentrate its efforts on the idiosyncratic conditions of one export market. In contrast, meeting adaptation requirements of multiple markets simultaneously seems to be a daunting task. In the context of promotion, greater adaptation is correlated with multiple-market entry. This may reflect the relative ease with which modification of positioning and promotional approach can be accomplished in export marketing.

The relevance of export customers’ familiarity with the product is also unclear. Consistent with the hypothesis, when the export customers are familiar with the product, a lower degree of adaptation of packaging/labeling and promotional approach is observed. However, positioning adaptation
does not relate to export customers' familiarity with the product, possibly on account of the insufficient experience of management with the export customers.

A surprising finding is the apparent lack of relationship between packaging/labeling adaptation and the legal regulations of the export market, despite the fact that positioning adaptation appears to be impacted by the regulatory environment in the export market. Although the sign of the beta coefficient is in the expected direction, it is not significant. This issue also warrants further research.

Overall, the research findings are largely consistent with the contingency perspective of the standardization/adaptation literature, and provide solid empirical support to some key propositions in the literature (e.g., Buzzell [1968]; Jain [1989]).

**MANAGERIAL IMPLICATIONS**

Several guidelines can be drawn from the research findings for formulating export marketing strategies. Since the ultimate relevance of a standardization/adaptation strategy depends on the performance outcome of the strategy [Jain 1989], however, the following guidelines need to be interpreted with care. Since the primary focus of the present study was on the relevance of company, product/industry, and export market factors for adaptation decisions, no performance implications are explicitly modeled. Nevertheless, the results of the present study confirm that standardization/adaptation strategy fits certain conditions as specified by company, product/industry, and export market characteristics. Fortunately, it has been well-established in the strategic management literature that the fit between the strategy and environment *(both internal and external)* has positive impact on performance [Anderson and Zeithaml 1984; Gupta and Govindarajan 1984; Prescott 1986; Rumelt 1974; Venkatraman and Prescott 1990]. Inasmuch as the positive relationship between performance and strategy-environment fit is true, the following guidelines are useful to export marketing managers.

In making standardization/adaptation decisions, managers are advised to adopt a contingency approach. Blind standardization or adaptation of product and promotion is likely to fail in the export markets. As conditions in the company, product/industry, and export market dictate, managers should seek a certain degree of adaptation of their export marketing program, and monitor the decision over time. In addition, managers must realize that various aspects of the marketing program may require varying degrees of modification. The key is to find the combination that yields maximum success in the export market.

Given the significance of technology, culture, competition, and international experience as evidenced in the present study, managers should carefully consider these factors in formulating their marketing programs for export ventures. Specifically, if the industry is technology intensive, managers
should seek substantial standardization for the product (both upon and after entry into export market) and promotion (including positioning, packaging/labeling, and promotional approach) to take advantage of the economies of scale associated with standardization, without having to ignore the export customers’ requirements. If the product is highly culture specific, it must be substantially adapted both upon and after entering the export market. In addition, the packaging/labeling and promotional approach should also be adapted to enhance the viability of the product in the export market.

When competitive intensity in the export market is high, managers must react to the competitive pressures by offering a high degree of customization of product, positioning, packaging/labeling, and promotional approach. Only when a firm’s offering is perceived to be superior to the competition, can the export venture be successful. As managers gain more international experience, they should leverage their expertise by matching their offerings with the export customers’ idiosyncratic needs.

Stated differently, managers may attempt to standardize their products and promotional programs in export ventures when: (a) the industry is technology intensive; (b) the product is not culture specific; (c) competition in the export market is not intense; and (d) management lacks international experience and the expertise to formulate and implement an adaptation strategy.

Managers may be able to avoid physical modification of a unique product through adaptation of positioning, packaging/labeling, and promotional approach. Similarly, upon entering an export market that calls for different health, safety, and technical regulations, managers could make only those modifications to the product mandated by the regulations. Finally, consumer goods marketers ought to be prepared to make substantial modifications to their marketing program when they are involved in export ventures.

LIMITATIONS AND FUTURE RESEARCH

Some limitations of the current research suggest directions for future scholarly work. First, the current study was undertaken in the context of export ventures. The findings can be validated in other international business situations such as licensing or franchising. An interesting future research direction would be to assess the degree to which the results can be generalized in other contexts. Second, the current study used responding executives’ perceptions to operationalize the variables in the framework. While the use of retrospective perceptions for organizational research has been found to be valid and reliable [Schwenk 1985], future research may examine the proposed relationships using other types of data. Third, not all relevant variables were investigated. Variables such as corporate policy, investment decision, manufacturer-overseas distributor relationships, and organizational structure may be among the significant correlates of adaptation, and need to be investigated in future research. Fourth, the present study did not directly assess the performance impact of an adaptation strategy. Since the ultimate relevance of such a strategy depends on its performance outcome, future research
could link the standardization-adaptation strategy directly to performance. Finally, the series of personal interviews conducted for this study did not form a random sample, since managers interviewed were those who were willing to participate in the study. Therefore, it would be worthwhile to replicate the study with firms from different regions, different industries, different countries, and different size categories.

Nevertheless, this research has shed some light on the correlates of marketing program adaptation in export ventures. It has also provided empirical support for some theoretical propositions advanced in the literature. It is hoped that the conceptual framework proposed and validated in this research forms the basis for future studies of scholarly nature.

APPENDIX 1
A Profile of the Sampled Export Ventures

<table>
<thead>
<tr>
<th>Firm Size (number of full-time employees)</th>
<th>Range</th>
<th>Percent of Ventures</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 100</td>
<td></td>
<td>26.9</td>
</tr>
<tr>
<td>100-999</td>
<td></td>
<td>25.3</td>
</tr>
<tr>
<td>1,000-9,999</td>
<td></td>
<td>14.8</td>
</tr>
<tr>
<td>10,000 or more</td>
<td></td>
<td>33.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Sales of Firm (in millions of dollars)</th>
<th>Range</th>
<th>Percent of Ventures</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 10</td>
<td></td>
<td>24.8</td>
</tr>
<tr>
<td>10-99</td>
<td></td>
<td>21.7</td>
</tr>
<tr>
<td>100-1,499</td>
<td></td>
<td>16.1</td>
</tr>
<tr>
<td>1,500-2,999</td>
<td></td>
<td>31.7</td>
</tr>
<tr>
<td>3,000 and above</td>
<td></td>
<td>5.6</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Years of the Export Venture’s Life</th>
<th>Range</th>
<th>Percent of Ventures</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
<td>42.0</td>
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<tr>
<td>6-10</td>
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<td>14.8</td>
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<td>11-25</td>
<td></td>
<td>25.6</td>
</tr>
<tr>
<td>more than 25</td>
<td></td>
<td>17.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Foreign Markets of Firm</th>
<th>Range</th>
<th>Percent of Ventures</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 10</td>
<td></td>
<td>25.1</td>
</tr>
<tr>
<td>11-30</td>
<td></td>
<td>18.9</td>
</tr>
<tr>
<td>31-50</td>
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<td>44.6</td>
</tr>
<tr>
<td>more than 50</td>
<td></td>
<td>11.4</td>
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<table>
<thead>
<tr>
<th>Type of Product</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer products</td>
<td></td>
<td>52.7</td>
</tr>
<tr>
<td>Industrial products</td>
<td></td>
<td>47.3</td>
</tr>
</tbody>
</table>

Industries from Which the Sample was Taken | Export Market Areas Covered by the Study
-------------------------------------------|--------------------------------------------
Analytical instruments                     | Australia/New Zealand/
Apparel                                      | Africa/ Newly Independent
Batteries & lighting equipment             | states
Computer                                     | Canada/ Scandinavia
Electric & electronic equipment             | Central America/ South America
Food processing machinery                   | China (PRC)/ Southeast Asia
Furniture                                    | Eastern Europe/ Other Asian &
Industrial chemical equipment                | European Community/Pacific Basin
Meat packaging equipment                   | Japan/ Others

<table>
<thead>
<tr>
<th>Metering instrument</th>
<th></th>
<th>Newly Industrialized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical equipment</td>
<td></td>
<td>countries</td>
</tr>
<tr>
<td>Packaged food</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paper</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pharmaceutical</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Snow removal equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sporting &amp; athletic goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tobacco</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation equipment &amp; parts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 2
An Illustration of the Questions Asked During the Interviews

- Upon entering the export market, how and to what degree was the product physically modified to suit the export market situations? Please elaborate.
- Subsequent to entering the export market, was the product physically modified? How? Why? To what degree? Please elaborate.
- Was the product's positioning strategy adapted to fit the export market situations? How? To what degree? Please elaborate.
- Was packaging/labling modified to fit the export market situations? How? To what degree? Please elaborate.
- Was the promotional approach (e.g., choice of media, allocation of budget) modified to fit the export market situations? How? To what degree? Please elaborate.
- Based on your perception, how much and what type of international experience did the management have when the export venture was implemented?
- How many years had the firm been involved in international business when the export venture was implemented?
- In how many foreign markets did the firm have ongoing operations when it planned and implemented the export venture?
- What level of export sales goal was set by the management for the export venture?
- In terms of the sophistication of product and process technology, to what extent would you say that the industry is a technology-intensive industry?
- In your opinion, to what extent were the product and its features designed for unique customer demand? Please elaborate.
- In your opinion, was the product specific to a culture? To what degree? To which cultural segment? Please elaborate.
- Based on your perception, how competitive was the export market when the export venture was implemented? Were the market shares stable? How aggressive were the competitors?
- Based on your perception, how similar were the legal regulations in the export market to those in the U.S.? Please elaborate.
- Based on your perception, when the export venture was implemented, to what degree were the potential export customers familiar with the product?

1These questions were tailored to the context of the specific export ventures.
APPENDIX 3
Summary Statistics for the Variables

<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Mean</th>
<th>Standard Deviation</th>
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<tbody>
<tr>
<td>Product adaptation upon entry</td>
<td>2.17</td>
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<tr>
<td>Product adaptation after entry</td>
<td>2.13</td>
<td>1.22</td>
</tr>
<tr>
<td>Positioning adaptation</td>
<td>2.36</td>
<td>1.39</td>
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<tr>
<td>Packaging/labeling adaptation</td>
<td>2.23</td>
<td>1.42</td>
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<tr>
<td>Adaptation of promotional approach</td>
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<td>1.51</td>
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<tr>
<td>Independent Variables</td>
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<td>Firm's international experience</td>
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<td>Export sales goal for the venture</td>
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<td>Technology orientation of industry</td>
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<td>Product uniqueness</td>
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<td>Cultural specificity of product</td>
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<td>Similarity of legal regulations</td>
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<td>Product familiarity of export customers</td>
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REFERENCES


