International advertising strategy
A review, reassessment and recommendation

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Abstract *This paper reviews and critiques the standardization debate in international advertising strategy. First, the paper identifies the standardization, adaptation and compromise schools of advertising including their advantages and disadvantages and then presents some of the contingency models with special focus on variables related to products, customer segments and organization. Then, a number of deficiencies in the academic literature as a whole are presented. The conclusion is that the preferred school of advertising is the compromise school, but that the continuum perspective is of little use to practitioners as they want to know what variables determine the position on the standardization continuum in their sector and whether the level of standardization is increasing or decreasing.*

1. Introduction

The scope of this paper is to present a literature review and critique of the standardization debate in international advertising strategy. This debate has been going on for more than four decades without a resolution. Advocates of standardization claim that global market segments are emerging and that advertising not only can, but also should be standardized across markets. The major benefits from standardization are economies of scale in the advertising function and consistent brand image. Advocates of adaptation claim that the difference between cultures is so vast that standardization is not possible and that standardization results in lost competitive advantage and lower sales. However, to adapt advertising each market increases costs and decreases possibilities to create synergies across markets.

There are a number of deficiencies in the academic literature as a whole namely, the lack of definition of a standardized advertisement, standardization and adaptation schools take too extreme positions, compromise school too vague and the contingency models are too complex to be useful, comparisons across surveys are difficult, lack of quantified financial implications of advertising strategies and finally, lack of value-creating foundation for the standardization decision. The authors claim that the existing contingency models are too complex and general to resolve these issues. Furthermore, this paper argues that academics need to understand the impact on revenues and costs from different advertising strategies and create a model that estimates the value creating effects of international advertising strategies from a shareholder perspective.

Levitt (1983) argues that "a powerful force drives the world toward a converging commonality, and that force is technology". The existence of a global market leads to standardized products. However, many academics disagreed with Levitt (1983) and argued against the existence of global markets. Among them are Boddewyn *et al.* (1986)

who argue that national differences in tastes, habits, regulations and technical requirements prevent standardization and contradict Levitt's (1983) prediction of homogenization of markets. The debate between Levitt (1983) and Boddewyn *et al.* (1986) is typical in the standardization debate in international marketing and advertising strategy.

This paper is divided into the following sections. Section 2 contains a review of the standardization debate in international advertising strategy. As the literature in this field is extensive, only a limited number of papers are included in the review. Section 3 contains the critique of the literature from a practitioner's point of view and Section 4 contains the conclusions and Section 5 contains directions for further research.

2. Literature review

The first advocate of standardization was David L. Brown, Advertising Manager at Goodyear Tyre and Rubber, who in 1923 stated that humanity possessed certain common attributes and concluded that it was possible and logical to standardize advertisements across countries. However, the real debate about standardization started in the 1950s and has been going on since then without a conclusion (Hite and Fraser, 1988). As explained later in this paper, there are three basic approaches to advertising – standardization, adaptation and a combination of both (compromise school and contingency perspective) (Kanso, 1992). Proponents of the compromise school and contingency perspective suggest that the most effective advertising combines the two approaches and that the best advertising strategy depends on the situation.

Agrawal (1995) identifies the approaches by practitioners and academics over time. As seen in Figure 1, academics and practitioners historically have had a different view of advertising strategy that is the most effective and also that this view has changed over time within each group. Academics tend to favor the adaptation or contingency perspective because cross-cultural or cross-national comparative studies have not shown similarities among consumers. The conclusion of the academics is that some degree of adaptation is necessary to succeed in foreign markets.

Practitioners, in contrast, seem to oscillate between adaptation and standardization. Agrawal (1995) suggests that the preference for adaptation in the 1950s is due to low level of familiarity with international consumers. As the knowledge of international markets increased, practitioners shifted towards standardization in the 1960s. In the 1970s, the practitioners again shifted towards adaptation. Agrawal (1995) suggests two reasons for this – increased nationalistic forces and a number of advertising
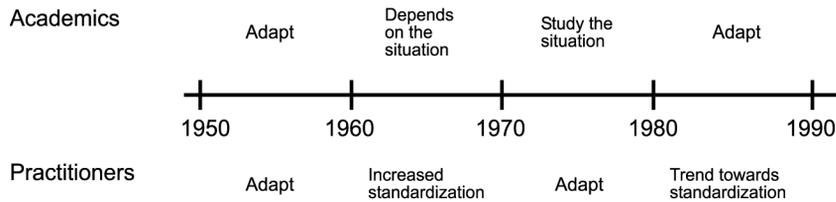

Figure 1.
Different approaches to international advertising strategies over time for academics and practitioners

Source: Agrawal (1995)

blunders. In the 1980s, practitioners seemed to move back towards standardization. One explanation for this is the rise of international advertising agencies, enabling advertising managers to coordinate global advertising campaigns.

2.1 What is standardization of advertising?

One can take a very strict approach and claim that an advertisement must be identical across markets to qualify as standardized. However, this strict definition is not very practical since almost no advertisements would qualify as standardized; for instance, this definition would exclude advertisements in which only the language has been adapted. All promotional efforts must be adapted to some degree even if that only means a translation into the local language (Harvey, 1993). Onkvisit and Shaw (1990) suggest that, strictly speaking, an advertisement is global only if it is virtually unchanged in all countries except for translation.

There is also a possibility that some elements of the advertising process can be standardized while others must be adapted. For instance, a corporation must adhere to local regulations that may prohibit some elements from being standardized while the process to make the advertisement may be standardized. From this discussion it is clear that there are two key issues related to the definition of standardized advertising.

(1) What elements must be standardized for an advertisement to qualify as standardized?

(2) What parts of the advertising process can be standardized?

2.1.1 What is a standardized advertisement? There are several papers that investigate the features of a standardized advertisement. In a student survey it was found that the most important variable was the usage of the same picture followed by general layout, advertising topic and language (Backhaus *et al.*, 2001). However, the other three variables played only a minor role compared to the picture. Furthermore, the view on what qualified an advertisement as standardized was almost congruent for the examined countries (Germany, The Netherlands and France). The visual component of print advertisements in five countries was studied by Cutler *et al.* (1992). Their conclusion was that there are more differences than similarities among countries and that advertising managers should be cautious in standardizing. They also found that there was no significant difference in advertising practices for the visual component for developed and developing countries. Harris and Attour (2003) found that visual elements were more likely to be standardized than the copy elements.

Another view of global advertising is that it implies uniformity but not an exact replication. Even though certain food and fashion products target global segments global advertising, there is still a need for adaptation (Domzal and Kernan, 1993). Their conclusion is that the global advertisements are not necessarily completely standardized; in most cases, for instance, there is a need to adapt to the local language. Furthermore, the authors see no reason to impose a worldwide criterion on what qualifies an advertisement as global since most products are not even marketed globally. They conclude that a standardized advertisement is one that is directed simultaneously in several countries.

Harris and Attour (2003) state that "standardization" is a flexible policy that can be adapted to a range of circumstances and differing market conditions. Hite and Fraser (1988) use a very vague definition of standardization. In their comparison with

the earlier surveys they use the terms "substantially standardized" and "substantially localized" without a clear definition of what "substantially" means. Kanso and Nelson (2002) define a firm that standardize less than 40 percent of the time as pursuing an adopted strategy.

The conclusion is that there is no clear definition of what a standardized advertisement or standardized advertising strategy is. However, the visual element (picture) seems to be one of the most important elements from a standardization perspective and even the strictest definitions seem to include adaptation to local language in their definition of a standardized advertisement.

2.1.2 What parts of the advertising process can be standardized? There is a distinction between the process through which marketing programmes are developed and the marketing programme itself. Some parts of the advertising process can be standardized while others need to be adapted (Harvey, 1993). For instance, a corporation can standardize the marketing process, but this does not necessarily mean that the marketing programme is standardized. Onkvisit and Shaw (1990) claim that the process lends itself very easily to standardization but this does not imply that the marketing programme needs to be standardized.

A corporation can standardize the market strategy (target segment and positioning) but this does not imply that the tactics (implementation) must be standardized. The strategic-set variables are advertising objectives, test market decisions and final decision. The tactics-set variables are advertising theme, marketing research, copy layout, control of advertising budget and media selection (Kirpalani *et al.*, 1988). In addition, Tai (1997) found that strategic decisions are easier to standardize, but tactical decisions depend on competitive environment and cultural background. The author's definition of strategic decisions is those related to target audience, positioning, advertising objective and main theme. Melewar *et al.* (2000) found that decisions about positioning and the main theme were taken at the headquarters of MNCs present in the Middle East; decisions about target segment, creative execution and media strategy decisions were taken locally.

The conclusion is that some parts of advertising process can be standardized while others can be adapted. Academics seem to agree that strategic decisions are more likely to be standardized than tactical decisions.

2.2 Advertising strategies

There are two dimensions to advertising strategies. The first dimension is to what extent an advertisement or a campaign is standardized and the second the geographical coverage of the campaign. As indicated earlier, there are three basic schools of thought regarding advertising standardization (Onkvisit and Shaw, 1990). They are as follows.

(1) Standardization – proponents of the standardization school assumes that due to faster communication there is a convergence of markets and that consumers are becoming increasingly similar.

(2) Individualization (or adaptation) – proponents of the adaptation school points to cultural differences and conclude that advertising must be adapted.

(3) Compromise – proponents of this school recognize local differences but also that some degree of advertising standardization is possible.

2.2.1 The standardization school. The standardization school challenges the belief that markets are heterogeneous and that an adapted approach is necessary. The standardization school assumes that markets are driven "toward a converging commonality" (Levitt, 1983) by technology and increased communication. Proponents of this school assume that art, literature, tastes, thoughts, religious beliefs, culture, living conditions, language, and, as a consequence, advertising is converging. Furthermore, they believe that even though people are different their basic physiological and psychological needs are the same. This view is supported by Link (1988). He argues that more and more marketers recognize the need to build a global brand image and identity and that the resistance to global advertising should be overcome. Another supporter of global advertising is Peebles (1988) who recognizes local differences, but claims that these are not insurmountable obstacles to global campaigns.

2.2.2 The adaptation school. The adaptation school holds the opposite view compared to the standardization school. The reason for adaptation of advertising is to create a differential advantage through local sensitivity and increased communications effectiveness (Hite and Fraser, 1990). Those who argue for adaptation generally points to difference among nations in terms of cultures, stages of economic development, political and legal system, customer values and lifestyles (Cavusgil *et al.*, 1993). Proponents of this school argue that advertisers need to consider barriers to standardization such as culture, taste, media availability and economic considerations. Owing to these differences it is necessary to develop adapted advertising programmes.

Some scholars believe that advertising is more difficult to standardize than the other elements of the marketing mix. For instance, Boddewyn *et al.* (1986) state that advertising is more resistant to uniformization than are products and brands, and Hite and Fraser (1990) claim that advertising is more dependent on cultural influence than other marketing elements. Because of these characteristics, the visual and verbal parts of advertising are in particular sensitive and use of local language, models and scenery increases the probability for the advertisement to be effective.

2.2.3 The compromise school. The compromise school is a middle-of-the-road school that not only recognizes local differences, but also some degree of advertising standardization is not only possible but also desirable (Onkvisit and Shaw, 1990). One way to look at the compromise school is to view the standardization versus adaptation as a continuum. Onkvisit and Shaw (1990) believe that the difference between standardization and adaptation is in degree rather than kind and that the difference between them should be seen as a continuum. This view is supported by Link (1988) who argues that companies can be placed on a globalization continuum. On the left side are companies with highly decentralized, multi-domestic operations and products. On the right side are the totally integrated and globally advertised brands and companies. In the middle are companies that increasingly standardize brands or products, but still adapt to local differences.

A variant of the compromise school is the contingency perspective that suggests that there are factors within and outside the firm that determine the approach to advertising strategies. The contingency models identify the variables that potentially can affect the standardization decision. Proponents of the contingency perspective include Grein and Gould (1996), Harvey (1993) and Papavassiliou and Stathakopoulos (1997).

2.3 The decision to standardize or adapt advertising – advantages and disadvantages
The decision to standardize or adapt advertising is based on the different views of the world. Those who prefer standardization are mainly concerned with reduction of advertising costs and consistent brand image worldwide while proponents of adaptation point differential advantage through local adaptation.

2.3.1 Standardization. The two major benefits of standardization of advertising are cost reductions and consistent brand image. Cost reductions from standardization of advertising mainly originate from economies of scale and scope. There is a strong relation between standardized advertisement and centralized advertising functions (Hite and Fraser, 1990). Onkvisit and Shaw (1990) highlight several advantages as a result of cost reduction. Other academics who also point to reduced costs include Kirpilani *et al.* (1988), Tai (1997) and Van Mesdag (2000).

Standardized advertisement themes provide consistent brand images worldwide (Kirpilani *et al.*, 1988; Melewar *et al.*, 2000; Onkvisit and Shaw, 1990; Tai, 1997). Another benefit of standardization is consistent positioning arguments throughout the world (Shoham, 1995). Other benefits of standardization include sharing of experience, effective use of advertising budget (Tai, 1997), consistency of communication, less duplication of effort and pre-selling of the company's products (Kirpilani *et al.*, 1988). Furthermore, Melewar *et al.* (2000) found that the perceived advantages of standardization were more important than the disadvantages.

There are also arguments against standardization. To focus on cost reduction is to ignore the target group's need for a meaningful message. Standardized advertising is based on homogenous segments and unless this holds in reality, the probability for a communications breakdown increases. A cost reduction does not automatically imply profit maximization as standardization may make the advertising unappealing to target segments and thereby decreasing sales (Onkvisit and Shaw, 1990).

Many academics also argue against the assumption that standardization results in substantial cost reductions. Hite and Fraser (1990) claim that centralization is profitable when potential cost savings from economies of scale or scope exist, barriers to standardization are low (for instance, culture or infrastructure) and products fulfill similar needs or wants. Also Onkvisit and Shaw (1990) point to lack of economies of scale for media costs. Media cost, which is media space and time, is generally much higher than production costs. Standardization of advertising is normally geared towards the production costs, reducing some of the economies of scale. Melewar *et al.* (2000) found that the advantages in terms of cost reductions through economies of scale were ranked low by companies in the Middle East.

2.3.2 Adaptation. The purpose of adaptation is to gain differential advantage by adapting the advertisement to gain maximum effectiveness in terms of response and sales (Onkvisit and Shaw, 1990). Adaptation of advertising is usually linked with a decentralized advertising function. The advantage with a decentralized advertising function is that it allows responsiveness and adaptation to culture, infrastructure and competition. The visual and verbal parts of advertising are particularly sensitive to adaptation and use of local language, models and scenery increases the probability for the advertisement to be effective. Consequently, adaptation of creative presentations and decentralized implementations of campaigns should offer greater benefits than less culturally-tied functions (Hite and Fraser, 1990). Other reasons for adaptation are accurate positioning arguments and price discrimination (Shoham, 1995). When

national markets are more similar within than between countries, adaptation results in a more accurate positioning, leading to higher prices due to price discrimination (Shoham, 1999). The major disadvantage of advertising adaptation is increased costs and a loss of consistent brand image.

2.4 Factors influencing the decision to standardize or adapt advertising
There are several models identifying the variables that determine the degree of standardization of advertising. The models are all similar in the sense that they map external and organizational factors on the internal advertising process. Furthermore, most of these models are contingency models. The contingency perspective suggests that there are factors within and outside the firm that determine the firm's approach to advertising.

Harvey (1993) identified six variables that affect the degree of standardization or adaptation of advertising (Figure 2). These variables are:

(1) product variables – the degree of universality of the product;

(2) competitive variables – the structure of the competitive environment;

(3) organizational experience and control variables – the level of organizational experience in the corporation;

(4) infrastructure variables – the degree of similarity of the media infrastructure, for instance, media, advertising agencies and production facilities;

(5) governmental variables – the restrictions on mass-communication; and

(6) cultural and societal variables – the cultural differences between the home and export markets.

Essentially the model implies that there are three variables – product, competitive and organizational – that influence a company when making the decision to standardize or adapt advertising. In addition, the company needs to consider the legal environment and local culture. The influence of these variables should then be mapped on the primary elements of the advertising process to determine the level of standardization needed for each element.
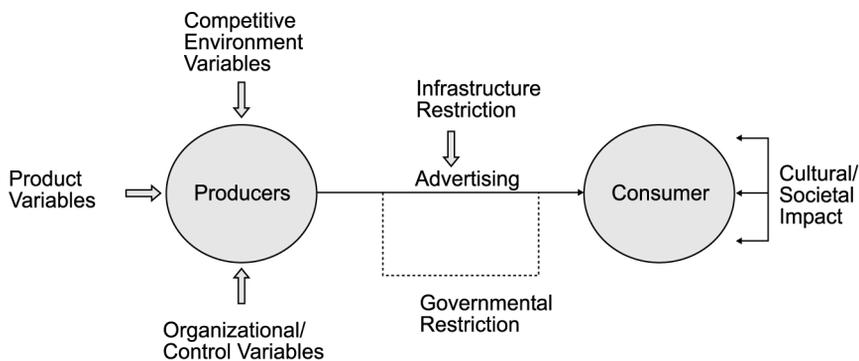
Figure 2.
A descriptive model to determine the degree of standardization/adaptation of advertising

Source: Harvey (1993)

Grein and Gould (1996) created a contingency model for Globally Integrated Marketing Communications based on a number of horizontal factors (across countries) and vertical factors (across disciplines). The horizontal factors are target market, market position and organisational factors, and the vertical factors are overall promotion mix, advertising creation and public relations.

Papavassiliou and Stathakopoulos (1997) created a framework for standardization or adaptation of advertising strategy based on three areas of influence: local environment, firm environment and intrinsic determinants. Also Cavusgil *et al.* (1993) support the contingency perspective. They came to the conclusions that promotion adaptations correlate significantly and positively with cultural specificity of the product, international experience of the company, competitiveness of the market and product uniqueness.

Shoham (1999) found that only three environmental factors affected the level of standardization: local government, level of competition and physical environment. The fact that only three environmental factors affect the decision to standardize or adapt is consistent with the theory of bounded rationality. Bounded rationality implies that managers do not collect all available information to make a profound analysis, but rather develop plans from incomplete information and analysis (Shoham, 1999).

The point to take away from the contingency perspective is that the degree of standardization depends on a number of internal and external factors. However, there are three contingency variables that have been given extra attention. These variables are:

(1) product related factors;

(2) customer segments; and

(3) organizational factors.

2.4.1 Product related factors. Many academics identify the product as being one of the most important variables that determine the degree of standardization of advertising. For instance, Boddewyn *et al.* (1986) suggests that standardization of marketing practices depends on the product type and Harvey (1993) claims that the nature of the product may be the most important factor in determining whether or not it is feasible to standardize advertising.

Product categories are usually divided into consumer durable, consumer non-durable and industrial goods. Boddewyn *et al.* (1986) found that industrial goods had the highest level of standardization followed by consumer durables and consumer non-durables. This view is supported by Cavusgil *et al.* (1993) who conclude that greater adaptation is necessary for consumer goods than industrial goods.

Product transfers between headquarter and subsidiary impact promotional strategy since international product transfers enable brand standardization through promotion (Hill and James, 1991). They found that the composition of the product mix had a significant impact on the frequency of promotion transfers so their conclusion is that as product mixes localize, the promotional support decreases. Other surveys show that there is a correlation between the number of product adaptations and adaptation of the promotion theme (Keegan *et al.*, 1987) and that eight out of ten advertising decisions relate to product category (Tai, 1997).

2.4.2 Customer segments. One critical base for the deployment of standardization or adaptation of the marketing mix, including advertising, is the existence of global, or at least regional, market segments. Some authors argue that global segments do exist while others have a different view. One proponent of global markets is Levitt (1983) who argues that markets are converging. Also Onkvisit and Shaw (1990) suggest that there is an increasing homogeneity of markets that drives opportunities for standardization. Other academics take a more modest stance and point to certain products markets that appeal to global segments. Examples of such products are food and fashion (Van Mesdag, 2000). The argument is that fashion and food products are culturally transcendent to two multicultural segments – the world's elite consumers and the post World War II generation. Since these segments are global there is a potential for global advertising.

Other academics argue against the existence of global market segments. National differences in tastes, habits, regulation and technical requirements prevent standardization and contradict Levitt's (1983) prediction of homogenizing of markets (Boddewyn *et al.*, 1986). Shoham (1999) claims that micro-differences persist among consumers in culturally similar nations and that developed nations seem to be diverging rather than converging.

However, customer homogeneity can be categorized as vertical (within a country) or horizontal (across countries). This means that two countries may not be vertically homogenous within the countries but horizontally homogenous for a particular segment (Onkvisit and Shaw, 1990). Homogenous cross-national segments can give rise to standardized marketing programmes, which will maximize economies of scale (Shoham, 1995). However, Kanso and Nelson (2002) conclude from their survey of advertising strategies for Finnish and Swedish subsidiaries that regional consumer clustering is more hype than reality.

The existence of homogenous customer segments is one of the foundations for standardized advertising and therefore, a very important contingency variable. For instance, the existence of regional cross-national segments can explain the fact that Hill and Shao (1994) found that the most common multi-culture campaign is regional.

2.4.3 Organizational factors. Many academics have investigated the relationship between the level of centralization of advertising functions and the degree of advertising standardization. Responsibility for advertising can be centralized at headquarters or decentralized to subsidiaries. Decentralized advertising may be managed independently or coordinated. Hite and Fraser (1990) suggest that since barriers to standardization and economies of scale and scope vary across advertising functions, MNCs should organize their advertising functions with some functions centralized and some decentralized.

Kirpalani *et al.* (1988) found that there is a significant relationship between the headquarter control and the extent of advertising standardization. They also found that the degree of headquarter control depends on the country-of-origin of the headquarter; Canadian and Japanese tend to exercise more control than do the US and Western Europe MNCs. Interestingly, they also found that the degree of headquarters' control of subsidiaries is independent of the main product of the MNC. Moreover, Tai (1997) found that there is a significant relationship between who makes the decision and the standardization of advertising decisions. Strategic decisions are more likely to be made jointly by headquarter and subsidiary while tactical decisions were most

likely to be made by the subsidiary. The results from this survey indicate that corporations in the four Asian markets (China, Hong Kong, Singapore and Taiwan) do not adopt neither a fully standardized nor a differentiated approach to advertising. The reason for having a decentralized decision-making structure is to meet local consumer requirements.

Grein and Gould (1996) suggest a contingency approach for coordination of global marketing communication. They suggest that there are two types of coordination – horizontal communication across countries and vertical communication across marketing disciplines and that the level and nature of coordination across disciplines and countries varies depending on a number of underlying factors. The horizontal factors are target market, market position, nature of product, environment and organizational factors. The vertical factors are the marketing mix, overall promotion mix, advertising creation, advertising media, sales promotion and public relations. The horizontal and vertical variables give the matrix shown in Figure 3.

The overall conclusion is that organizational arrangements seem to have a substantial impact on the decision to standardize or adapt international advertising.

3. Critique and reassessment of the standardization debate in international advertising strategy

This critique is written from a practitioner's point of view and focuses on the applicability of the academics' work on real standardization decisions in international advertising. The critique is aimed at the academic literature as a whole and is not intended to criticize individual papers. The authors of this paper recognize the difficulties inherent in this field – soft issues such as culture and customer segments do not easily lend themselves to measurement. To make a survey is difficult and it is even harder to get responses to make it representative. Not only is it difficult to collect facts but also to interpret it. Products are inherently different and companies follow different strategies and target different customers and segments. All these dimensions contribute to the complexity of international advertising and the challenges that academics and practitioners face. However, a qualitative study for example, would

Figure 3.
Topology for globally integrated marketing communications strategies

Source: Grein and Gould (1996)

yield rich data from a few cases and could assist in planning larger quantitative study. This critique should be read and interpreted with these difficulties in mind. The structure of the critique section is the following.

- The strong points of the standardization of advertising literature and their implications on practitioners.
- The weak points of the standardization of advertising literature and their implications on practitioners.
- Directions for further research.

3.1 Strong points of literature

As a collection of academic papers, the standardization debate puts a focus on the standardization issue of advertising in international marketing. From a practitioner's point of view, this debate is important since it identifies the issues related to international advertising, what factors may affect the decision to standardize or adapt international advertising and the advantages and disadvantages with different advertising strategies.

This debate most likely encourages out-of-the-box thinking and encourages practitioners to think about new and innovative ways to advertise their products across cultures, markets and countries. The debate also addresses organizational issues and different ways to organize advertising functions and the advertising process.

3.2 Weak points of literature

3.2.1 Lack of a clear definition of a standardized advertisement. The standardization debate of international advertising has been going on for more than four decades without a clear definition of a standardized advertisement. For instance, Peebles (1988), who is a supporter of global advertising campaigns, recognizes local differences, but claims that these are not insurmountable obstacles to global campaigns. However, it is unclear about the definition of a global (or standardized?) campaign Peebles (1988) uses as he states that "an expensive TV campaign may need to be refined in several countries in order to comply with local guild (or government) regulations requiring local production, or to locally certify a product demonstration, or simply the need for local atmosphere background". From a practitioner's point of view this is a very confusing statement from an advocate of standardized advertisements.

Another example of a very vague definition of standardization of advertising is the one of Harris and Attour (2003) who state that "standardization is a flexible policy that can be adapted to a range of circumstances and differing market conditions". This definition can be contrasted with the definition of Onkvisit and Shaw (1990) who suggest that, strictly speaking, an advertisement is global only if it is virtually unchanged in all countries except for translation. When we compare the definition of a standardized advertisement by Harris and Attour (2003) with that of Onkvisit and Shaw (1990), we find that they are not only different but also the opposite of each other. The first definition is very open and imprecise while the other is very narrow and strict.

The consequence of the lack of a clear definition of a standardized advertisement is that academics have come up with their own definitions. For instance, Kanso and Nelson (2002) defined a firm that standardized less than 40 percent of the time as

pursuing an adopted strategy. This, as we shall see later, creates problems if we want to compare surveys over time. From a practitioner's point of view, the lack of a clear definition of a standardized international advertising has most likely significantly contributed to confusion and frustration, and made the academic literature difficult to interpret and apply to real business problems.

3.2.2 The standardization and adaptation schools of international advertising take too extreme positions and do not recognize the merits of the opposite school. Proponents of the standardization school claim that international advertisements should always be standardized and proponents of the adaptation school claim that international advertisements always need to be adapted. This means that advocates of standardization do not recognize the existence of cultural differences and customer heterogeneity across countries. At the same time, advocates of adaptation do not recognize the existence of homogenous regional or global customer segments. For a practitioner these extreme positions may be seen as counter-intuitive.

3.2.3 The compromise school is too vague and the models are too complex to be useful for practitioners. If the pure standardization and adaptation schools are counter intuitive to the practitioner then he or she must turn to the compromise school to get advice from the academic world. The compromise school takes a position between the complete standardization and adaptation perspectives, and therefore, overcomes many of the disadvantages of the two extreme positions. However, the compromise school and continuum perspective are not really useful for a practitioner as they want to know what factors determine the position on the continuum for their specific company, and whether the degree of standardization is increasing or decreasing in their specific sector. Unfortunately, the contingency models are too complex and general to answer these questions.

The best attempt to customize a contingency model for a company is made by Harvey (1993). He suggests that the degree of advertising standardization depends on six factors – product, competitive variables, organizational experience and control variables, infrastructure variables, governmental variables and cultural and societal variables. He proposes a framework that a practitioner can use to determine the degree of standardization for each element of the advertising process. However, there is no guidance in what contingency variables matter the most in his sector and whether the importance of the variables varies across sectors and over time. The model from Grein and Gould (1996) does not recognize the compromise school and forces the practitioner to choose between standardization and adaptation on a very general level. Furthermore, this model is difficult to apply since it includes not only a myriad of variables but also variables on very general level. The model from Papavassiliou and Stathakopoulos (1997) is even more complex than the other models.

These complex contingency models can be contrasted to the findings of Shoham (1999). He found that only three environmental factors affected the level of standardization: local government, level of competition and physical environment. These findings may indicate a potential flaw in the complex contingency models – these models do not consider the importance of each variable. Compare this with the well known Pareto's principle (also known as the 80/20 rule.) The principle of Pareto suggests that most of the results can be achieved by focusing on a few activities. All variables in the contingency models may very well be relevant but some may be more important than others.

The problem for the practitioner is that these models incorporate virtually everything in a company's product offering, marketing environment and internal organization but they do not specify which contingency variable drives each element of the standardization process and the relative importance of each variable per sector. One can question the guidance to a practitioner from such broad models.

3.2.4 Comparison across surveys is difficult. Another weakness in the standardization debate in international advertising is the difficulties in comparing the empirical results from different surveys There are four factors that make the comparisons across surveys difficult.

(1) sample selection of companies;

(2) definition of standardization;

(3) statistical method and analysis; and

(4) time between surveys.

From a practitioner's point of view it should be interesting to know if the trend of international advertising is heading towards increased or decreased degree of standardization. The only way to do this analysis is to compare across surveys over time. Unfortunately, the academic literature gives little help in determining this direction. Not only is the problem the different definitions of standardization across surveys but also that the sample companies are different with respect to product markets, strategies and organizations. Different spread of sectors and companies among surveys make the results virtually impossible to compare. For instance, Harris (1994) found that most companies standardized the brand and to some extent the advertising. This result could be explained by the fact that the survey only focused on large brands and had a broad definition of standardization.

Hite and Fraser (1988) use a very vague definition of standardization in their survey. In their comparison with the earlier surveys they use the terms "substantially standardized" and "substantially localized" without a clear definition of what "substantially" means. Can this survey really be compared with the one by Kanso and Nelson (2002) who defined a firm that standardized less than 40 percent of the time as pursuing an adopted strategy? Is adaptation of 60 percent of the time enough to be classified as "substantially adopted?" The practitioner is left with doubt.

Apart from sample selection and the lack of definition of standardization, the statistical methods may create problems for practitioners. There are two problems related to the statistical methods and analysis. First, the variety of statistical methods makes surveys difficult to compare. Second, practitioners of advertising are unlikely to have a strong quantitative background. This fact is important for academics to keep in mind when designing and evaluating a survey and writing a paper. If the intended audience consists of practitioners, then a paper should be written with this fact in mind and the statistical terminology should be kept to an absolute minimum. Academics are also encouraged to find simple and easily grasped definitions of standardization that do not require substantial statistical knowledge.

Furthermore, Agrawal (1995) indicates that historically there has been no clear trend in the standardization debate in international advertising, but rather that the degree of standardization has been fluctuating over time. If these "oscillations" of the degree of standardization actually exist in real advertising they may cause problems when comparing surveys over time. Figure 4 shows the point. If we compare the degree

of standardization between surveys one and two, the conclusion is that the degree of standardization is increasing. However, from Figure 4 it should be clear that this prediction is wrong since the actual trend is towards adaptation. The reason for this erroneous prediction is that the time between surveys one and two is too long.

In mathematical transformation methods and digital signal processing, one of the most important laws is the sampling theorem that states that the sampling frequency must be at least twice the frequency of the highest (most oscillating) component (Proakis and Manolakis, 1992)[1]. This deep mathematical theorem can be applied on a conceptual level. For example, if the period-time of one cycle of adapt-standardize-adapt-standardize is 10 years, then there should be not more than 5 years between the surveys according to the sampling theorem for a comparison to be valid. Now, Papavassiliou and Stathakopoulos (1997) include economic conditions as a contingency variable. If we assume that a business cycle is about 10 years then two surveys cannot, as already stated, be more than 5 years apart. However, Hite and Fraser (1988) make a comparison between two surveys that are 11 years apart! If Papavassiliou and Stathakopoulos (1997) are right and economic conditions is a contingency variable and this variable has a substantial impact on the degree of standardization, this implies a business cycle of 22 years for the comparison to be valid. This reasoning can be applied to all contingency variables. Do they oscillate and if they do, what is the cycle time? For instance, how often does a company go through a major re-organization? How often is there a major change to the product line? Do the existing comparisons between surveys catch all of these changes in a sufficient manner?

Only when we understand the nature of either each contingency variable or the behavior of adaptation-standardization cycle, we can determine the least time between surveys to make a valid comparison. Until then we will have to sample frequently enough to ensure that we catch all changes in the adaptation-standardization cycle.

3.2.5 No value-creating foundation for the decision to standardize or adapt international advertising. The final criticism relates to the lack of financial implications and the non-existent value creating foundation for the standardization decision in international advertising. The standardization debate in international advertising is, to a large extent, based on segmentation and the extent to which customers across markets and countries are different or similar. In addition to segmentation, there are also a number of contingency models that identify the variables that influence
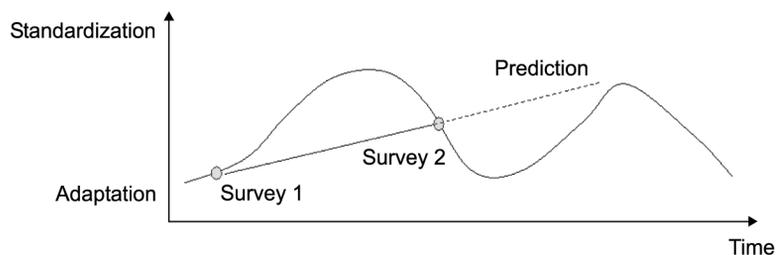
Figure 4.
Illustration of the oscillations between standardization and adaptation in international advertising and the problem time creates when predicting the direction of the degree of standardization

Note: The idea of oscillating behaviour in the degree of standardization is from Agrawal (1995)

the decision to standardize or adapt international advertising. Some of these models incorporate customer segmentation. However, a practitioner is, or should be, interested in the value that is created through different advertising strategies and not only the factors that influence the decision to standardize itself. Mueller (1987) hints in this direction when the author states that advertising reflects cultural values only when it is profitable to do so. Also Shoham (1999) addresses export performance issues related to the standardization decisions of international advertising. Solberg (2002) found that profitability correlates with the level of standardization while Hite and Fraser (1990) found that decentralized advertising appears to be the most profitable.

In spite of these attempts to discuss financial performance related issues, the academic literature does not adequately address the value creating aspects, for instance, shareholder value, that originate from international advertising and thereby leaves the practitioner empty-handed in the boardroom.

3.2.6 Lack of quantified financial implications of standardization and adaptation. To identify the value creating aspects of international advertising aspects the first step must be to identify the financial implications on revenues and costs from different advertising strategies Proponents of standardization claim that standardized advertising leads to economies of scale and cost reductions while proponents of adaptation claim that adaptation of advertising leads to differential advantage and increased sales and returns. However, surprisingly few academics, if any, really attempt to measure the impact on sales and cost reductions from a standardized approach to international advertising.

From a practitioner's point of view, the separation of sales increases and cost increases would be very valuable and enables the usage of financial decision tools such as shareholder value analysis.

4. Conclusion

Based on the literature review and critique in this paper, the overall conclusion is that the most justifiable school-of-thought of international advertising is the compromise school that not only recognizes local differences but also some degree of advertising standardization is not only possible but also desirable. To see the difference between standardization and adaptation as a continuum decrease, the definition problem of standardization includes the contingency perspective that does not refuse even the most extreme versions of the standardization or adaptation schools. However, the compromise school and continuum perspective are of too little use for practitioners. Practitioners want to know what factors determine the position on the continuum for his or her specific company and whether the degree of standardization is increasing or decreasing in his or her specific sector. Unfortunately, the contingency models are too complex and general to answer these questions as they do not specify what contingency variable drives each element of the standardization process and the relative importance of each variable per sector.

Furthermore, practitioners are interested in the value created through different advertising strategies and not only the factors influencing the decision to standardize. Unfortunately, the academic literature does not sufficiently address this issue. One reason for this deficiency is that academics have not yet fully understood the impact on revenues and sales from different international advertising strategies.

5. Recommendations and directions for future research

This paper has identified a number of problem areas related to research of standardization in international advertising.

(1) Difficulties in comparing surveys over time due to sample selections, time between surveys, statistical method and analysis, and lack of definition of standardization.

(2) Problems in applying the contingency models since they do not specify what drives each element of the standardization process and the relative importance of each variable per sector over time.

(3) Lack of quantified financial impact of different advertising strategies.

To overcome the first two problems academics need to take a different approach to the standardization issue in international advertising than the approach that have been used over the last four decades. Rather than producing scattered papers, each paper provide its own contribution to the standardization debate, academics need to design a more comprehensive survey that tracks companies and sectors over time. A schematic picture of the survey can be seen in Figure 5. The survey needs to have the following features.

(1) A focus on a few sectors with enough companies in each sector to get sufficient statistical accuracy for each sector.

(2) An identical sample of companies over time.

(3) A clear and easily understood definition of standardization.

(4) A sufficient sampling frequency.

(5) An identical statistical analysis over time and across sectors.

Properly designed, such a survey would overcome many of the problems with the earlier surveys and generate a number of benefits for academics and practitioners. The result of such a survey would enable comparison across sectors, companies and time without the problem of different definitions of standardized advertising and different statistical analysis. Furthermore, such a survey would place companies and sectors on
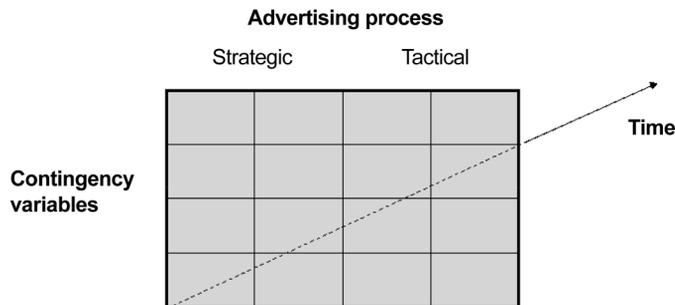

Figure 5.
Schematic picture of a survey that measures the impact of contingency variables on the advertising process over time

Source: The companies would be asked to identify the level of standardization of advertising and the importance of the contingency variables on the strategic and tactical advertising decisions

the standardization continuum, identify the most important contingency variables per sector, identify changes in the contingency variables over time and identify the trend of the degree of standardization.

One suggestion is that one university initiates a cross-university survey, involving a number of universities in multiple continents. The participating universities in the survey need to agree on the scope of the survey, the questionnaire and the statistical method to analyze the responses. Each university would ideally be responsible for a number of sectors and to maintain a relationship with the companies in each sector to ensure that there are no dropouts from the survey. Furthermore, each university would collect and analyze the responses from its companies each year and the initiating, or coordinating, university would be responsible for consolidating the findings and making the overall conclusions.

To overcome the lack of quantified financial impact, academics need to have a stronger quantitative focus in their surveys and understand the impact on revenues and costs from different advertising strategies. Once the revenue and costs are thoroughly understood, the value creating aspects of international advertising strategies can be identified. Ideally, academics should create a model that estimates the value creating effects of different advertising strategies from a shareholder's perspective.

Note

1. The reader is encouraged not to dig into the details of this reasoning but to understand the main point – time matters when the results among surveys are compared if the degree of standardization of advertising oscillates.

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