

# Product Adaptation in International Market

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**Abstract**—*In this era of globalization and international marketing, there are endless reasons to support global thinking. To gain a competitive edge, organizations cannot solely depend on just domestic market and need to come up with strategies to go global and look for target markets and opportunities for product across borders. Consumers' tastes and preferences with respect to their cultural background plays an immense role for any product to be successful in the market. It happens that a consumer in India consumes product differently than consumers in Europe or USA. For an organization or a brand to be successful in the global market, it must come up with a marketing plan to tap global markets with respect to the culture in practice in each country.*

**Keywords:** *Product, adaptation, Culture, behavior and Strategy.*

## 1. INTRODUCTION

In international marketing, both product adaptation and product standardization have their own advantages and disadvantages mainly with respect to consumer's satisfaction and acceptance of the product or service offered. Product Adaptation can be defined as a strategy implemented for modification or alteration of a particular product rather than a standardized product so that it is competent with the needs and preferences of a specific set of consumers or a market. Within an international marketing context, each particular market is analyzed and planned to capture by a particular brand to become a global brand. Adaptation is a more preferred strategy than standardization when marketing to multiple countries with different cultures is considered and there is a possibility of significant differences in consumer wants and preferences with respect to a particular product or a service. Culture, market development, competition, and laws are the factors that influence product adaptation.

Organizations by adopting the "Glocal" or "adaptation" strategy effectively tries to understand the preferences of the local consumers and other particular requirements before adapting the marketing mix to tap the untapped market and build a consumer base by satisfying their needs and wants. Best-known companies like Coca-Cola, McDonald's, KFC and many others have done a little adaptation to their products depending on the culture across the entire globe. Kentucky

Fried Chicken (KFC) serves porridge for breakfast in Shanghai and Pecking Duck burgers for lunch while in India it has tried to attract more consumers by introducing vegetarian menu options such as Veg Zinger, Paneer Zinger, Potato Krisper Burger, and Hot Veg Snacker. Similarly, McDonald's goes global by adapting menus depending on the location – kosher restaurants in Israel and Argentina and Halal branches in Pakistan and other predominantly Muslim countries while avoiding any beef or pork based products in Indian market keeping in mind the Hindu and Islamic cultural beliefs.

This study explores the product adaptation of various multinational brands in India, and the consumers' preferences, thinking, and acceptance to the adapting behavior of the brands. An attempt has been made to understand if the product adaptation strategy in international marketing is just a hype, hope or a necessity.

## 2. REVIEW OF LITERATURE

There exist numerous empirical studies on the different forms of study worldwide. Academic researchers have accepted various factors to determine which a better form of education is. The following are the findings discovered.

Batra *et al.* (2000) examine a brand's country-of-origin effect in venturing into developing markets and its influence on the intuition of non-localness. Factors such as consumer ethnocentrism and familiarity were studied with respect to the categories of the product. The study is empirical as well as theoretical in nature. Primary data collection was done from two cities – Bombay and Delhi (in India) by personal interviews at home for almost around 508 urban and middle-class woman and the selection was on the basis of quota sampling. A linear regression analysis was conducted for data analysis. The findings of the study reveal that the end users or the customers in countries like India which are developing preferably incline towards non-local country-of-origin rather than the local which was found not to be weaker among ethnocentric customers. The outcomes, in this way, recommend in creating nations, a brand's country of origin not just fills in as a "quality corona" or outline of item quality, yet

in addition has a measurement of non-localness that, among a few shoppers and for some item classes, adds to attitudinal loving for status-improving reasons.

Calantone, Kim, Schmidt, and Cavusgil (2004) aims to create a model and empirically test it as a predecessor of product adaptation strategy implemented by the exporting firms and its accomplishment. Primary data for the study is collected from 239, 205 and 145 marketing managers across three countries, which are, United States, Korea, and Japan respectively via means of a well-structured questionnaire circulated through emails. Various internal and external factors affecting export firms' performance is studied as its predecessors and product adaptation is the primary moderating variable. The findings of the study reveal that the implementation of product adaptation is directly related to exporting firm's performance in all the three nations under study. Export dependency with moderately little consideration in the past studies is found to be an important factor preceding product adaptation. The comparability of the home market and the overseas market influences the selection of market for exports which is more positive in the Korean market than in the United States or Japan.

Cavusgil, Zou, and Naidu (1993) aim to provide a relationship between product adaptation and promotion adaptation by the firms venturing into exports. Manifold outlook related to the concern regarding adaptation or standardization strategies to be implemented is incorporated into a theoretical framework. Primary data analysis is also done through comprehensive personal interviews of export marketing managers in the United States. The findings of the study suggest that the extent to which product adaptation or promotion adaptation is implemented by an exporting firm depends on the company, product or the industry and the market behavior. The relationship between product and promotion adaptation is found to be varying at varied levels. Product standardization is a more likely acceptable strategy when the product is not culture-specific or is technology intense, or there is lack of competition in the export market and the expertise or specialized knowledge is missing out on part of the management.

Chen, Li, and Liu (2013) attempt to investigate the significance of localization of product with respect to western fast food chain in an emerging country like China. Cultural and social factors act as a hindrance for western firms to enter a market like China with a successful marketing strategy as its consumer's behavior, loyalty and trust are greatly influenced by cultural aspects. The research is case based in nature studying KFC's marketing strategy of localization in global countries as it was the first one to enter the industry in China and leads the market in the present scenario. A well-structured questionnaire and interviews were the source for primary data collection. It was found that localization or adaptation of product helps a firm achieve success in the market along with its competitive position and customer loyalty.

Dimofte, Johansson, and Bagozzi (2010) studies about the influence of ethnicity of consumers on the international brands in the United States. Affective and cognitive factors with global brands are focused upon. Three different ethnic segments (Caucasian, African Americans, and Hispanics) are evaluated for the study. A well-structured online questionnaire was circulated to around three million consumers in the US for data collection. Various statistical tools like descriptive statistics, correlation, paired t-test, etc were used for data analysis. The findings of the study reveal that African Americans and Hispanics prefer global or international brands to the Caucasian consumers and cognitive consistency was found to be present for all ethnic groups. It was also found that global brands are fascinating to the minority groups of ethnicity in the US than the mainstream consumers.

### 3. STATEMENT OF THE PROBLEM

In the phenomenal and competitive international business and marketing world, the consumer's preference in a country towards acceptance of international products is increasing globally which is evidenced by more researchers. However, the preference and intention among consumers towards acceptance of such products are still questioning as it is greatly determined by cultural and psychosocial characteristics, hence it is more significant to identify the exact factors that influence an organization's product adaptation strategy for their products in a foreign market. Past studies have focused on the distinction between product adaptation and product standardization in the international market, however; it is restricted and is focused on limited brand categories. Till date, there is a scanty of literature and researchers have done their research in the context of evaluating the advantages and disadvantages of product adaptation and product standardization strategies based on few cultural factors specificity in relation to products and services. Hence, the purpose of this research is to attempt to examine the factors which determine cultural and psychological characteristics of an intended customer market like India towards product adaptation decisions.

### 4. RESEARCH OBJECTIVES

- To analyze the entrance strategy of multinational brands and their product adaptation strategy towards the marketing mix.
- To analyze the role of cultural elements on international marketing strategy.
- To analyze the influence of product adaptation on company's return.

### 5. SCOPE OF THE STUDY

The major scope of this research would give the idea and suggestions for marketers in the international market in order to develop an appropriate strategy with respect to cultural

values and beliefs of consumer's that determine their preference and intention towards acceptance of international product brands. In this aspect, product adaptation meet consumers' demands and expectations, keeping in mind their cultural beliefs and values is increasing. Further, the study would also help marketing managers of global brands in analyzing the entrance strategy in an international market with product adaptation towards their marketing mix. In this view, international market can be tapped successfully by organizations.

## 6. DATA COLLECTION METHODS

### Primary Source – Structured Questionnaire

The quantitative study is conducted on a total of 200 respondents. A well-structured questionnaire is answered by the sample size and their views are considered to understand the influence of cultural elements on product adaptation strategy implemented by international firms. The data generated is assured to be kept confidential.

### Secondary Source – Research Articles and Journals

In this study, a thorough review of existing relative literature and theories about product adaptation strategy in the context of culture and product adaptation is done. Articles published in various online databases and search engines such as Google Scholar, ProQuest, JSTOR, and ResearchGate have been examined.

## 7. SAMPLING DESIGN

In the present study, convenience sampling technique was used with a view to avoiding any bias and ensuring greater representation. The individual's observations are chosen in such a way that any individual or observation in the entire population data has an equal probability of being selected and that each choice is independent of any other choice. The sample for the present study was selected from various consumers in Bengaluru city. The city was chosen in view of convenience. It is also felt that the result of the present study will be equally applicable to other cities too as the conditions prevailing are not quite different. A sample of 200 consumers was considered, so as to ensure that all the segments of population possible were represented.

## 8. STATISTICAL TOOLS FOR ANALYSIS

Considering the amount and nature of the data for this research, it is necessary to use statistical tools. Various descriptive and inferential statistical methods were employed in the investigation of the study. Descriptive statistics are used to summarize variables in terms of frequencies and percentages. Correlation is used to find the relationship/association between culture and product adaptation. Regression is used to determine the strength of the relationship

between one dependent variable and a series of other independent variables.

All the statistical methods were carried out through AMOS SPSS for Windows (version 20.0) and for calculation and data preparation MS Excel was used.

## 9. SIGNIFICANCE OF THE STUDY

The present study aims to identify the factors that determine the need for either mandatory or discretionary product adaptation. The adaptation decision also needs to be assessed as a function of time and market involvement. The characteristics and behavior of intended customer groups are an important factor influencing the product adaptation decision. Product decisions of consumer and product marketers are especially affected by local behavior, tastes, attitudes, and traditions. This paper will help the marketer to understand the various factors which determine cultural and psychological specificity in relation to products and services:

### 1. Consumption patterns

### 2. Psychosocial characteristics

### 3. General cultural criteria

Based on which, the marketer can take more informed decisions in the international market.

## 10. LIMITATIONS OF THE STUDY

However, the study has fewer limitations including that the study is more specific to few product categories with product adaptation strategy and consumers' preference and acceptance on the same is studied only in Bangalore, India. Hence, future researchers should focus on a more detailed analysis and other regions in India, urban as well as rural, could be studied for product adaptation decisions. Further, this study will be restricted to convenience sampling which is a non-probability sampling method. This method does not fortify that each unit would have an equal chance of being selected as probability sampling; hence, such samples are unsafe to chosen biases. Since the time constraints is one of the study constraints, therefore, the study used the sample size of 200 respondents in selected market, still, a clearer view of role of product adaptation and its importance in international marketing would be more consistent if a large sample size is taken into account, that would generate reduced risk of external validity

## 11. DISCUSSION AND FINDINGS

The foundation of the study was based on the influence of the cultural factors in India and Indian consumers' affinity towards product adaptation strategy in international marketing. According to the analysis, I have found that without any doubt culture plays a huge role in the international marketing strategy of a product.

- Around 53% of the consumers suggested that companies should modify the physical attribute of the product before venturing into an international market and the degree of product adaptation varies depending on the product and the culture of the respective country.
- 45% of the consumers considered that product adaptation helps the company by improving its return on sales. Product adaptation receives more consumer acceptance, thereby, increasing its market share. Rest of them said that adaptation also increases return on equity, investment, and assets.
- Influence of cultural elements such as language, religious values, ethnic values, material culture, and aesthetics was analyzed to be extremely important on marketing strategies adopted by the company.
- With respect to the various marketing mix, culture had a great impact on the product offering, followed by sales promotion and advertising. Pricing and Distribution aspects of marketing mix were comparatively less influenced by sociocultural elements.
- According to 48% of the consumers, cultural influence could be overcome by implementation of product adaptation strategy or promotion adaptation strategy as chosen by the 34% of the consumers. This shows the importance and benefits of adaptation in a culturally influenced market.
- Various product categories like textiles and food and beverages were preferred to be adapted the most, keeping in mind the culture of a market it is been sold to. Consumer products are necessary to be adapted than in comparison to industrial based products. Few consumers suggested that all types of the product should be adapted.
- The degree of product adaptation is moderately influenced due to the cultural elements in a positive direction. In a country varied by culture, the degree of adaptation tends to be high.
- Sociocultural factors were found to have a high association with marketing mix activities. All the activities and strategies related to product, place, price, and promotion were seen to be directly related to cultural factors. The degree of product adaptation done effects the returns of a company to a slight extent although the relation between them is weak. Product Adaptation is a strategy implemented for successful venture in a culturally diversified international market.

## 12. CONCLUSION

Globalization or internationalization creates both opportunities and difficulties for international companies. Most international market segments are based on geopolitical divisions while considering the sociodemographic and psychosocial

characteristics which are relevant. Cultures normally correspond to linguistic, ethnic, religious and institutional entities of a particular society. Cross-cultural and intercultural approaches are therefore essential to implement methodical marketing strategies in international trade while recognizing the diversity. This multiplicity nature of culture amply demonstrates why it is given a crucial place in international marketing. The ongoing argument in international marketing as to whether companies should standardize or adapt their international marketing strategies and market entry methods remains to be a focal point of research in academic literature. It is also an important and growing interest for every international company and marketing practitioner.

Globalization reflects a business orientation based on the belief that the world is becoming more homogeneous and that distinction between national markets are not only fading but, for some products, will eventually disappear which is not completely true. Thus, companies need to use their adaptation process to be successful in the international market because every country differs in terms of culture and product preference.

As for the implications, there are factors that determine the need for either mandatory or discretionary product adaptation. The adaptation decision also needs to be assessed as a function of time and market involvement. The characteristics and behavior of intended customer groups are an important factor influencing the product adaptation decision. Product decisions of consumer-product marketers are especially affected by local behavior, tastes, attitudes, and traditions.

This paper will help the marketer to understand the various factors which determine cultural and psychological specificity in relation to products and services:

- Consumption patterns
- Psychosocial characteristics
- General cultural criteria

So, that the marketer can take more informed decisions in the international market and achieve product acceptance.

Product adaptation in international marketing is neither a hype nor a hope, but a necessity to overcome cultural influence and successful venture into an international market.

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