STANDARDIZING OR ADAPTING MARKETING STRATEGIES ACROSS BOARDERS

A CASE STUDY OF GETINGE AB

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ABSTRACT

The purpose of this study is to examine how the social/cultural, legal, economic, political and technological environment in international markets affects a firm’s standardization and adaptation of the marketing mix. This study investigates Getinge AB’s actions on the German and the Chinese market. The aim is to see how the company has been forced to adapt the marketing mix in order to penetrate these markets. The study is based on a theoretical framework that includes relevant theories regarding the standardization and adaptation of the marketing mix, and the environmental influences that a firm has to take into consideration. The research has been performed on a Swedish company that provides medical equipment for institutions – Getinge AB. A qualitative personal interview has been carried out with the Vice president of sales and services of Getinge AB and the managing director of the area of infection control – Harald Castler.

This study has shown that the environmental factors on the Chinese market have affected the adaptation of the product, price and promotion. The distribution channels have on the other hand only been affected by the social/cultural conditions. On the German market product adaptation has been influenced by the social/cultural, legal, economic and political conditions. Only the social/cultural, legal and economic conditions have affected the price adaptation. Further, the adaptation of the promotion has only been affected by the social/cultural and political conditions. Finally the distribution channels on the German market have been affected by the social/cultural, legal and political conditions.

The results have also shown that it has been a challenge for Getinge AB to find a balance between the degree of standardization and local adaptation of the different elements in the marketing mix – a challenge that they have succeeded to deal with. Further more the study shows the importance of adapting the marketing mix to the local situation since it is the key to manage to design offers that will lead to success and increased market shares. The overall conclusion of this study is that Getinge AB needs to think globally, but act locally and take environmental influences such as the social/cultural, legal, economic, political and technological ones, into consideration.
The following study is the result of a master’s dissertation within international marketing at the University of Halmstad. The process has been enabled thanks to a number of persons who in different ways have contributed to this study. With this said we would like to express our regards to them.

We would like to begin with thanking our supervisor Gabriel Awuah, who has been a support and source of inspiration during the process.

We would also like to express our regards to our contact person at Getinge AB – Harald Castler – who has assisted with valuable time and engagement.

At last but not least, we would like to thank our opponent who has contributed with constructive critique and consequently helped us to improve the quality of this study.

We hope that you will enjoy your reading!

Halmstad, May 2008

Helena Piirainen

Dzejna Seta
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1 INTRODUCTION

In this introducing chapter, the background to the following problem discussion will be presented. The difficulties concerning differentiation on international markets will also be discussed. Based on that, the purpose with the study will be given.

1.1 BACKGROUND

When firms decide to expand their business to international markets, they need to take standardization and adaption into consideration when it comes to choosing a market strategy. A central issue in international marketing strategy is the decision whether to adapt the marketing mix for the foreign market and its consumers, or to standardize it (Usunier, 1993). Based on this a debate considering standardization versus adaptation has been brought to life. There are three different views that are argued within this debate. Advocates of the standardization strategy argue for the fact that a firm can achieve cost savings and economies of scale in production, marketing, and other activities by capitalizing on homogenization of customer tastes and need of patterns (O’Donnell, 2000). They also argue that a firm can reduce their managerial complexity, due to better coordination and control of international operations, and achieve benefits through the presentation of a stable brand image across countries, especially in light of the increasing consumer mobility around the world (Theodosiou & Leonidou, 2002).

Advocates of the adaptation approach on the other hand, point out the importance of gaining higher market shares, but also the existence of differences among national markets with respect to social/cultural, legal, economic, political and technological development. As these factors are very important in determining both the feasibility and the appropriateness of international marketing strategy, they argue for the fact that it is more preferable for firms to localize or adapt their marketing programs to the specific conditions in each market (O’Donnell, 2000).

The third aspect of this debate is that neither standardization nor adaptation should be seen in isolation from each other. Instead they should be seen as two ends of the same field, where the degree of a firm’s marketing strategy can range between them. The decision to standardize or adapt the marketing strategy is situation specific and should be based on an evaluation of relevant factors that do exist in a specific market at a specific time. Also the appropriateness of the selected level of strategy standardization/adaptation should be considered on the basis of its impact on a company’s performance in international markets. Thus, the challenge for the international firm is to decide which specific strategic elements are feasible to standardize or adapt, under what conditions and to what degree (Theodosiou & Leonidou, 2002). The debate over standardization versus adaptation is based on the central benefits and costs of each approach, however these advocates mean that neither total standardization nor complete adaptation is conceivable to achieve (O’Donnell, 2000).
This debate has traditionally been defined as the statement of how a company should achieve its marketing objectives through standardization or adaptation, and is specifically expressed in terms of product, price, distribution and promotion aspects. It is difficult to visualize a marketing strategy that is standardized across all countries and that includes all the aspect of the marketing mix (Solberg, 2000). This leads, at one extreme to the concept of a multi-domestic approach in which the firm has a completely different strategy for every single market. The other extreme, which is a global approach, means that all marketing activities are standardized in all countries (Doole & Lowe, 2004).

It is of great importance that a firm creates a balance between the different degrees of standardization or adaptation of the various elements of international marketing. Firms in general are therefore adopting a combination of standardization and adaptation of the different elements of the marketing management programs and processes, by globalizing some elements and localizing others (Doole & Lowe, 2004). The decision between approaching a standardized or adapted strategy, leads in fact to a choice between cost savings and market share (Usunier, 1993).

1.2 PROBLEM DISCUSSION

Not only has the topic regarding the global marketing mix been debated, but the topic standardization versus adaptation has as mentioned earlier also gained lots of attention (Papavassiliou & Stathakopoulos, 1997). The reason to this elongated debate is that the relationship between these two approaches is still unclear. The problem concerning these debates is not whether to standardize or adapt a marketing strategy, but instead to which degree these marketing mix elements can be adapted. The fact is that some of these elements are easier to standardize than others. The basics such as the products, brand names and advertisement are the most likely elements to standardized, while packaging, pricing, promotion and distribution are easier to adapt (Siraliova & Angels, 2006).

Even though marketing is a universal theme, it is natural that the practice varies depending on the nation. Each person is unique, and so is every country. This means that it is impossible to always be able to apply experience from one country to another. However, one thing that is in common for all marketers around the world is the will to gain profit. Only knowing the customers is not enough today. Having a clear strategy when performing their different actions, and not at least adapting their actions to a particular customer or nation - is an essential thing in the process of building a market leading position (Keegan & Schlegelmilch, 2001). Today we know that every firm that wants to achieve success in international markets must consider the local conditions and therefore adapt the marketing mix to some degree. Standardization within Business-2-Customer products is the hardest approach. Global standardization is in other words more suitable for industrial products, because the buyers are less sensitive when it comes to purchasing, and the market demands are more homogeneous (O'Donnell, 2000). However, it is still a challenge for actors in Business-2-Business markets to achieve standardization of all four Ps in the marketing mix model. By using individual strategies that are appropriate to the firms own situation, and capturing a balance between the different degrees of standardization and adaptation of the various elements of international marketing, increases the firm’s chance to became a truly effective global player. To create strong competitive advantages, a firm can offer added value for global customers by providing them with benefits that are significantly better than those provided by the
competitors, particularly local competitors (Doole & Lowe, 2004). If a firm manages to fulfill these criteria, they have a good chance of positioning themselves as a leader on the market. Being forced to face competitors around the world, pressures firms to adapt a world wide approach to international marketing (Czinkota & Ronkanen, 1995). So the question is how international firms should adapt their strategies on different markets to be able to increase their success. Which specific factors are affecting their choice of strategy – and to what degree? This study will based on this, answer following research question;

*How does the environment in international markets affect the adaptation of the marketing mix?*

1.3 **PURPOSE**

The purpose with this study is to investigate how the social/cultural, legal, economic, political, and technological dimensions of the international environment affects a firm’s standardization and adaptation of the marketing mix.

1.4 **PREVIOUS STUDIES**

The topic concerning standardization versus adaptation of the marketing mix has been studied for many decades. Different researches have investigated how the four different elements of the marketing mix are being influenced by different environmental factors, while others just have focused on studying the choice whether to standardize or adapt the marketing strategies in general. The following section will present some examples of studies that have concerned these areas – first those who have investigated the standardization and adaptation of the marketing strategies, and then more specific the ones that have focused on how environmental influences have affected the decision whether to standardize or adapt certain elements of the marketing mix. The reason to why the three first researches are being studied is to create a general picture of the phenomenon of standardization and adaptation.

The article “Standardization versus adaptation of international marketing strategy: an integrative assessment of the empirical research” written by Theodosiou and Leonidou (2002) studies the 40 years of debate centering standardization/adaptation. By analyzing the gained knowledge from 36 prior studies the authors concluded that the decision whether to standardize or adapt the marketing strategy to achieve better business actions, mainly depends on the situation the firm find themselves in and the foreign market.

The study “Marketing mix standardization in multinational corporations: A review of the evidence” written by Birnik and Bowman (2007) presents the standardization of the marketing mix in multinational corporations and identifies its impact of a firm’s performance. The study shows that type of product, product and market likeness, level of local competition and ownership control over subsidiaries, influences the standardization of the marketing mix. The study also shows that the brand and product are more likely to be standardized than the price.

Siraliova & Angels (2006) have in their study “Marketing strategy in the Baltic’s: standardize or adapt?” investigated whether a firm should standardize the marketing strategy
across national markets or adapt to an individual market. The case study is focused on the Baltic States and points out the importance of balance between standardization and adaptation. The findings illustrate that a reasonable level of marketing program standardization is suitable in the specific area, but different degrees of adaptation of the marketing mix elements are also needed for success.

Further on the article “An investigation of cross market standardization strategies” written by Chung (2005) examines the issues that are related to the cross market standardization strategy. The study aims to find out if a standardized marketing program can be used across the markets within European Union. The study points out that a complete similarity in the marketing environment is not likely to occur in the EU and therefore suggests that small, medium and large firms should locate a group of countries in the EU shares similar market characteristics. Similar country pairs can then adopt a standardized marketing strategy across these countries.

The study “Market, industry, and company influences on global product standardization” written by Powers (2007) investigates the relationship between market, industry and company factors and the level of product standardization. The findings show a significant relationship between these but only some of these factors affect the dimensions of a global product standardization in the end.

Lastly the article “Standardization versus adaptation of international advertising strategies: Towards a framework” written by Papavassiliou & Stathakopoulos (1997) are instead focusing on advertising. The article develops a complete picture of advertising standardization or the degree of adaptation decision in international markets. The picture shows that the local environment, the firm’s environment and fundamental determinants affect whether to standardize or adapt the advertising. It also points out the necessity of finding a balance between the degree of standardization and adaptation.

To summarize, it can be stated that the focus of previous studies has been related to international marketing strategies, and whether and to what degree firms should standardize or adapt different parts of the marketing mix. However, only particular parts of the marketing mix, and usually not the whole model, have been analyzed. This particular study will therefore distinguish due to the fact that the focus is on the influence of the environmental conditions on the marketing mix.

1.5 DELIMITATIONS

The standardization and adaptation strategies can be applied to many aspects of a firm’s international actions. These actions are affected by many different factors on a specific market. However, this study will focus on how social/cultural, legal, economic, political, and technological factors are affecting these strategies.

This kind of investigation could be applied to any firm, but since the study is focusing on firms within the Business-2-Business market, this particular study is delimited to a Swedish company that provides medical equipment for institutions around the world - Getinge AB. Getinge AB is one of three business areas within the Getinge AB Group. This means that the study will only focus on this particular business area, and not the other two. This company is
also interesting from another point of view, which is that they begun as a small company in a suburb in southern Sweden, and is now operating in many countries around the world. They have managed to grow enormously and achieve great success through their strategies and actions, and even managed to become market leaders in particular segments.

Another important delimitation is the two international markets that will be studied - namely the Chinese and German markets. The choice of these markets has been based on the fact that the countries are located on two totally different continents, with different cultures and regulations. Furthermore, the reasons to Getinge ABs adaptations on these two markets are differing drastically from each other. In Chinas case Getinge AB wants to penetrate the smaller segments, while they in Germany wants to become one of the leading actors in the higher/more exclusive segments. It is due to these interesting facts and differences, that these two countries have been chosen.

1.6 DISPOSITION

Introduction

In the first chapter a background to the following problem discussion will be introduces. Based on this the research question, the purpose and previous studies will be presented. Delimitations and disposition of the study will be given to create a better stocktaking.

Frame of references

In this chapter the theories that are relevant for this study will be presented. The theoretical frame of references is introduced with primary facts about the standardization and adaptation of the marketing mix, and is followed by a presentation of the SLEPT-model. The chapter is closed with a model that illustrates how the environment influences the choice of standardization and adaptation strategies.

Methodology

In the methodology chapter a motivation to the chosen research method, research design and choice of company will be presented. The approach of data collection will also be described and a discussion of the reliability and validity of the study will be given.

Empirical data

In this chapter the collected data from the interview will be presented. The company’s history, business and their ways of standardizing and adapting the marketing mix on the German and the Chinese market will be described.
Analysis

This chapter contains a deeper analysis of the empirical data that is presented in the previous chapter. A throwback is made to the theories that are presented in the second chapter. A discussion is also carried out, comparing the collected data and previous theories.

Conclusion

The final chapter is a summary of the study where the main conclusions are presented. The research question is answered in this chapter. Finally suggestions to further research within this area will be given.
2 FRAME OF REFERENCES

In this chapter the theoretical framework that is considered to be relevant for the study, will be presented. The chapter is based on theory concerning a firm’s way to standardize and adapt the four different elements of the marketing mix.

2.1 STANDARDIZATION VS. ADAPTATION OF THE MARKETING MIX

A very important task that firms have to deal with when entering international markets is not only to choose the most appropriate market entry strategy, but also to adapt their marketing mix to a global market. The question whether to standardize or to adapt their marketing mix to each particular market has been discussed for decades. However, it has been claimed that standardization and adaptation is usually not a choice between these two approaches. The reality is actually that almost none marketing mix is completely standardized or adapted. What is interesting is instead the degree of standardization of the marketing mix (Hollensen, 2001). This degree varies, with positioning and product being the hardest elements to adapt – while pricing, advertising and distribution are most adaptable (Onkvisit & Shaw, 2004; Douglas & Craige, 1995).

In general a firm would most likely standardize most of the marketing mix across nations (Douglas & Craige, 1995). The reason is the fact that standardizing the marketing mix is very favorable when it comes to cost effectiveness of production and distribution (Onkvisit & Shaw, 2004; Hollensen, 2001; Douglas & Craige, 1995). Standardization is favorable also when it comes to creating an integrated image around the world and coordination and controlling international operations (Onkvisit & Shaw, 2004; Douglas & Craige, 1995). However, achieving total standardization is very hard, partly because of regulations and different consumer needs (Onkvisit & Shaw, 2004; Douglas & Craige, 1995). Customer’s response patterns, purchasing behavior, media exposure, organizational structure, and lifestyles are the main factors to why firms need to vary their marketing mix. These degrees of modifications can vary from country to country (Douglas & Craige, 1995).

Still, even if a firm manages to standardize their marketing mix to a higher degree and with that minimize their costs, it does not automatically guarantee profit. Instead this cost control can cause that the product becomes unsuitable for other markets (Onkvisit & Shaw, 2004).

Many customers require a special product that is designed for their home market. For those firms who want to achieve a market leading position in that particular market or reach out to new segments, adaptation becomes a necessary approach. To serve the market better than competitors, firms need to see when the need for modifications arises. This ability, together with the firm’s characteristics and environmental circumstances, has an influence on a firm’s performance and marketing mix strategy (Onkvisit & Shaw, 2004).
As Keegan and Green (1999) expressed; “The essence of global marketing is finding the balance between a standardized (extension) approach to the marketing mix and a localized (adaptation) approach that is responsive to country or regional differences.” (p. 28).

Figure 1 summarized the main factors that are favoring the standardization versus the adaptation approach (Hollensen, 2001).

<table>
<thead>
<tr>
<th>Factors favoring standardization</th>
<th>Factors favoring adaptation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economies of scale in R&amp;D, production and marketing (experience curve effects)</td>
<td>Local environment-induced adaptation: government and regulatory influences (no experience curve effects)</td>
</tr>
<tr>
<td>Global competition</td>
<td>Local competition</td>
</tr>
<tr>
<td>Convergence of tastes and consumer needs (consumer preferences are homogeneous)</td>
<td>Variation in consumer needs (consumer needs are heterogeneous)</td>
</tr>
<tr>
<td>Centralized management of international operations</td>
<td>Fragmented and decentralized management with dependent country subsidiaries</td>
</tr>
<tr>
<td>A standardized concept is used by competitors</td>
<td>An adapted concept is used by competitors</td>
</tr>
</tbody>
</table>

**Figure 1. Factors favoring standardization versus adaptation** (Source: Hollensen, 2001, p.393)

### 2.1.1 Standardization vs. Adaptation of Products for International Markets

Offering products that are more beneficial than other products on the market, positions a firm one step ahead their competitors. It is very important to create this advantage, to be able to demonstrate the products benefits over existing alternatives, but also its compatibility with local customs and habits in international markets (Onkvisit & Shaw, 2004). The decision whether to standardize or adapt a product can be determining if a firm is to succeed in international markets or not – not to mention the impact the approach has on the degree of their eventual success. This decision is based on different factors that are related to the company specific objectives, but also the economic, political and social/cultural environment that the firm find themselves in (Hollensen, 2001). However, these obstacles are affecting the whole marketing mix in one way or another – but products are the easiest element to standardize (Hollensen, 2001). But what is really product standardization? Onkvisit & Shaw (2004) and Hollensen (2001) talks about product standardization as an approach where a firm is able to export their products to international markets without any essential changes thanks to the similarities in taste and needs in global markets. This approach is in general more frequently used for industrial products, than consumer goods, due to the fact that industrial goods are less culturally grounded and therefore requires fewer adjustments (Hollensen, 2001; Czinkota & Ronkanen, 1995). The case is similar with technology-based industries, such as medical equipment and scientific instruments, because it is easier to find a universal acceptability for those products (Czinkota & Ronkanen, 1995).

Many of the international companies are trying to develop global products by including the regional or worldwide differences into one basic design. This “thinking globally, acting locally” approach supposes that the products adaptability is built around a core product, while local needs are taken into consideration all the way from development to the marketing of the product (Czinkota & Ronkanen, 1995). However, in some international markets the firms need to take other differences that may require greater modifications of the products into consideration (Czinkota & Ronkanen, 1995). This means that products sometimes need to be modified to correspond with the environmental conditions such as national product
regulations, quality standards, foreign market expectations of the products capability, or basically just to meet foreign customers’ needs (Hollensen, 2001; Douglas & Craige, 1995; Czinkota & Ronkanen, 1995).

This puts many firms into a tricky situation when deciding to what degree their products should be adapted. After all if they fail to modify their products to specific markets, it can result in a disaster for them (Douglas & Craige, 1995). Design, function, brand names, packaging etc. are elements that need to be adapted in order to respond to needs or conditions in a particular country. Making those adjustments is common when the firm aims to increase their local responsiveness and compete with local actors (Keegan and Green, 1999).

However, while standardization is a relatively low cost approach, adaptation requires more financial investments. Even though this approach can increase sales, its revenues must be weighted against the costs involved (Keegan and Green, 1999; Czinkota & Ronkanen, 1995). Important for every firm, is basically to evaluate every situation independently, before making their decision regarding the approach (Czinkota & Ronkanen, 1995).

2.1.2 STANDARDIZATION VS. ADAPTATION OF PRICING FOR INTERNATIONAL MARKETS

When approaching new international markets, one of the main issues a firm has to deal with is whether to adapt or standardize the price (Keegan & Schlegelmilch, 2001). This decision is dependent on several factors related to fit the other elements of the marketing mix (Hollensen, 2001). Figure 2 shows different factors that are influencing the two different approaches. These factors should be considered carefully to be able to decide which approach is most appropriate (Keegan & Schlegelmilch, 2001). Those two approaches are one frequently discussed area. Some management believe that there is no reason to differ the prices in international markets from the domestic ones, while others believe that arbitrage will eliminate the differences in price between markets (Onkvisit & Shaw, 2004).

Standardizing the price is based on setting a fixed price at the head office. The fixed price is then applied in all markets, however after taking factors such as foreign exchange rates and variance in the regulatory context into consideration. This approach is in general more frequently used by industries in B-2-B markets, because of the fact that these segments are less price sensitive than B-2-C markets are. This strategy is a low-risk strategy for the firm, since no attempt is made to respond to local conditions, no effort is made to maximize the profits neither (Hollensen, 2001). To set a price according to the firm’s position on the experienced curve is also simplified. This means in other words that optimal position and maximum profitability are achievable only by chance (München, et al 1999).

For those firms that are more dedicative to their international sales, localizing their prices is a way to achieve greater success (Onkvisit & Shaw, 2004). Managers or subsidiaries are allowed to establish whatever price they feel is the most desirable depending on the situation they find themselves in. An approach like this does not require that prices should be coordinated from one country to another. Instead it allows extremely flexible reactions to the different markets and competitive situations. However, this approach is sensitive to local conditions; but on the other hand, it gives the firm the opportunity to take advantage of price disparities that can occur when a firm for example buys for a lower price and sells for a higher one (Keegan & Green, 1999).
Price differentiations can be caused by different levels of production or distribution, or even strategic considerations. Setting different prices in order to compensate for the different competitive intensity or tax differences is one of the strategic considerations a firm can attend (Keegan & Schlegelmilch, 2001).

<table>
<thead>
<tr>
<th>MARKET-RELATED DRIVERS</th>
<th>FACTORS DRIVING PRICE DIFFERENTIATION</th>
<th>FACTORS DRIVING PRICE STANDARDIZATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer preferences</td>
<td>Reduction of trade barriers</td>
<td></td>
</tr>
<tr>
<td>Competitive situation</td>
<td>Decreasing transportation costs</td>
<td></td>
</tr>
<tr>
<td>Cost situation</td>
<td>Active retailers / Grey markets / Global sourcing</td>
<td></td>
</tr>
<tr>
<td>Inflation / exchange rates</td>
<td>Improved communication and information flow</td>
<td></td>
</tr>
<tr>
<td>Regulations / tariffs and duties</td>
<td>Increasing brand globalization / standardization</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 2. Influences on price standardization vs. differentiation**
(Source: Keegan & Schlegelmilch, 2001, p.408)

### 2.1.3 Standardization vs. Adaptation for Promotion for International Markets

Building a brand today is more costly than ever before, but building an international brand however becomes more cost effective. This means that the challenge firms need to deal with is to create advertisement that works in different countries and cultures (Keegan & Schlegelmilch, 2001). Based on this the decision whether to standardize or adapt the promotion becomes the least flexible one in the marketing mix (Keegan & Green, 1999).

Standardization of the promotion means that the advertising message is the same around the globe, on the basis that people everywhere wants the same product for the same reason (Keegan & Green, 1999). A standardization of the promotion means basically that same promotion is used internationally with virtually no change in its theme, copy or illustrations (Onkvisit & Shaw, 2004).

However, even though firms can minimize their costs by unifying an advertising message, customers are in spite of everything different in different countries. To reach out to these customers, promotion becomes therefore the most likely element of the marketing mix to be adapted (Keegan & Schlegelmilch, 2001; Theodosiou & Leonidou, 2002). Promotion can be affected by language differences, media availability, government regulations, economic differences and competitor’s actions. These factors are responsible for adjustments in the advertising message, its execution style, and media mix (Theodosiou & Leonidous, 2002). In some cases advertising or product labeling can be translated into the local language, while it
in other cases may require a whole change of the scenario or the endorsement. The adaption can in other words differ from minor modifications to radical redesign (Douglas & Craig, 1995). Adapting the promotion through minor modifications is a relatively cost effective strategy, since changing promotion message is not such an expensive thing to do (Hollensen, 2001).

An effective advertising means that the firm’s performance needs to be creative by using a product’s basic appeal. However, if this performance has a close connection to a particular attribute, the performance may be adapted also to other markets (Keegan & Schlegelmilch, 2001).

2.1.4 STANDARDIZATION VS. ADAPTATION OF DISTRIBUTION CHANNELS FOR INTERNATIONAL MARKETS

Channels of distribution are according to Keegan and Green (1999) defined as “an organized network of agencies and institutions, which in combination, perform all the activities required to link procedures with users to accomplish the marketing task” (p. 461). Marketing channels can create place, time, form, and information utility for buyers. However, managing this distribution of channels globally is difficult, because of the variation of channel structures and strategies from country to country. Larger firms often operate through subsidiaries, which mean that the headquarters have little understanding for the distribution channels. Instead the channels are controlled on a local level. Channels for industrial products are less varied, with manufacturer’s sales force, wholesalers and dealers or agents utilized. Companies can, as seen engage in the export activity in different ways. However, in B-2-B markets the channels are often shorter, due to the fact that these channels are more direct channels (Keegan & Green, 1999).

The choice whether to standardize or adapt the distribution channels is a decision based on different factors, such as the characteristics of the customer, the offered product, middlemen and the environment. Distribution channels are the most differentiated aspect in the international marketing mix (Onkvisit & Shaw, 2004; Keegan & Green, 1999). This depends on the differences in disposable incomes, purchasing habits and distribution’s infrastructure (Onkvisit & Shaw, 2004). A company’s level of involvement, product line and sales volume can also cause a need to adapt the distribution channels to different international markets. The distribution can be less or more adapted depending on in which country the firm has established their business (Onkvisit & Shaw, 2004).

The managements understanding of all the aspects of the international distribution channels is very important so that their strategic decision results in profits and accomplishment of market leading positions. However, distribution channels are only one part of the marketing mix and must therefore be integrated with the product, price and promotion (Keegan & Green, 1999).
2.2 ENVIRONMENTAL INFLUENCES

There is a big difference between operation on a domestic market and an international one. To be able to succeed in a foreign market, the firm needs to have a great knowledge and awareness of the international market. The SLEPT-model is a model that observes the various aspects and trends in international marketing environments, through the social/cultural, legal, economic, political and technological dimensions (Figure 2) (Doole & Lowe, 2004).

![Figure 3. The SLEPT-model.](image)

Source: (Doole & Lowe, 2004, p. 7)

**Social/cultural influences**

The social/cultural environment is created by people’s basic believes and values which are formed by different societies – but the social/cultural environment is also created by organizations that affect society’s basic values, preferences, perceptions and behaviors. It is important for marketers to take the local cultural differences and their influences across societies into consideration, since these can affect a firm’s marketing decisions (Kotler et al, 2005). The language must for example be taken into consideration when setting up a strategy for a particular market. Population growth and movements are important factors that indicate social changes. This means that the growth patterns around the world are changing dramatically, while the population is growing (Doole & Lowe, 2004). A country’s economic development is another factor that affects a company’s decision whether to enter a specific market or not. Consumption behavior and durable goods ownership are influenced by incomes, cultures and social classes (Keegan & Schlegelmilch, 2001). That means that the different preferences are affecting consumers demand and needs and therefore the way a products is being used on a market and the advertising performance. Firms need to take different cultural and social paradoxes such as ethnicity, religion, and cultural and social differences in general, into consideration when taking the decision when taking the decision to what degree the marketing mix should be standardized or adapted (Doole & Lowe, 2004). Nevertheless consumer products indicate to be more sensitive to cultural variations than industrial products (Keegan & Schlegelmilch, 2001).

**Legal influences**

In international marketing the legal environment consists of local domestic, home domestic and international laws (Keegan & Schlegelmilch, 2001; Doole & Lowe, 2004). The local domestic laws are specific for the particular market and the firm needs to take them into consideration when acting on the market. The legal system of the organisations home market is important because of export controls and the responsibility that organizations have to act by its national laws in all domestic and national actions. It is necessary for the firm to consider
international laws when acting abroad as different restrictions in these laws can affect the firm’s mode of action. The firm is bound by all these legal systems when acting abroad and it is important to be aware of the legal environment in each of its markets, as these affect their activity (Keegan & Schlegelmilch, 2001). A firm is often also bound by the laws of its host country and other international laws. None-European companies that are acting within the European Union are facing increasing directions which affect their business across Europe. This can influence different parts of a marketing strategy - for example advertising, in the form of media restrictions and the acceptability of particular creative applications. Product acceptability in a particular market can be affected by regulations on things such as packaging and other more essential changes in legalization. It is because of this that it is important that the firm is aware of the legal environment in each market where they are represented – after all, these environments are setting “the rules of the game” for their business (Keegan & Schlegelmilch, 2001).

Economic influences

The economic environment involves factors that influence the consumers purchase behaviour and their spending habits. The level and distribution of income vary between nations. There are two different economies which countries can be divided into; the subsistence and industrial one. When a country has a subsistence economy the consummation mainly consists of the country’s own agricultural, which limits their ability to act globally. Having an industrial economy means that the local market, instead consists of different international competitors, who present various kinds of products. Due to this, marketers must notice the main trends and spending standards on both the local and international side in industrial economies (Kotler et al, 2005). That means that firms need to have an understanding of the economic policies and how a market is developing, to be able to meet the competition on a market and to be able to satisfy the market demand. Companies must therefore take these facts into consideration when for example setting a price, since it will be affected by the aspects. International firms must understand the economic development of the markets in question, to know how that can affect their own marketing strategy and their decisions. The different economies and their purchasing power make it hard to carry out a cohesive strategy, especially when it comes to pricing (Doole & Lowe, 2004).

Political influences

The political environment involves laws, administration and pressure groups that affect and restrict different governments and individuals in a specific society. The political environmental development affects the firm’s marketing decisions (Kotler et al, 2005). The firm must be aware of political risks, taxes, expropriations, threats of equity intensity and the governing parties’ attitudes toward the political regulations when acting on a market. On markets with strict political environment and high political risks, firms are more likely to decide not to operate on the market as it will hinder their ability to operate effectively and profitably. Markets with few political regulations and perceived level of risk are on the other hand more likely to attract international financiers. The stages of a country’s economic development are related to the level of political risk. Taxes are always specific for the country or union and therefore some governments are sharing tax agreements to provide tax credits for taxes paid overseas (Keegan & Schlegelmilch, 2001). Political environments of international marketing can affect the decisions a firm takes. Politics is often a determining factor of how to develop a certain market. This means that an unstable political situation can expose a firm
to risks that they normally would not face in the domestic market. This in turn can affect a firm’s decisions regarding standardization and adaptation of the different elements of the marketing mix. Examples of political restrictions can be operational ones – such as product requirements – discriminatory restrictions – such as special taxes and tariffs – and physical actions – such as governmental directions (Doole & Lowe, 2004).

**Technological influences**

The technological environment involves forces that are producing new technologies which are accomplishing opportunities for new products and new markets. The technology is rapidly and regularly developed and it is necessary for the firm to keep up with these technological changes (Kotler et al, 2005). Technological developments have become a driving force in international marketing, but also in expansion towards a global marketplace. Technological impacts are visible in almost every aspect of the marketing process. The ability to collect data on markets, management control capabilities and the action of carrying out business functions internationally have been facilitated thanks to technological advancements and electronic communications. Satellite communications, the Internet and the World Wide Web, client-server technologies, ISDN, cable, e-mail, faxes and advanced telephone networks have all contributed to the increasing possibilities to communicate worldwide. This in turn has reduced the costs of reaching international customers and global advertising, which means that the distribution of products overall has become more facilitated. The number of distribution channels has increased and the technological development has made it easier to reach out to new customers, present their products and offer service and help. With a touch on a button, necessary information can be reached. All this means also that companies have to adjust their technological development to the competing actors on the same market, in order to hold on to their position and to fulfil customer’s demands (Doole & Lowe, 2004).

**2.3 THE THEORETICAL FRAMEWORK**

Based on the theories presented in this chapter, a clear connection between the actual market conditions and the choice whether to standardize or adapt the marketing mix is noticed. Due to this, a model is created to illustrate how the market is affecting the choice of whether to standardize or adapt the four different elements in the marketing mix; product, price, promotion and distribution channels. The market factors that are in focus in this study are the social/cultural, legal, economic, political and technological – illustrated as ‘the market’ in the figure 4. These factors are creating different conditions and situations that firms need to take into consideration when deciding which strategic approach they should chose on particular markets. The strategic approach can be either to standardize or adapt the earlier mentioned elements of the marketing mix. However all these elements may or may not be adapted on a specific market. The following framework will suite as an analytical tool in following chapters.
Figure 4. Market influences that affect the strategic approach

Source: Own construction
3 METHODS

In the following chapter the scientific method will be presented. The research method, data collection and choice of company, will be given. The chapter ends with a description of the thesis validity and reliability to prove the trustworthiness.

3.1 RESEARCH METHOD

When performing a study, there are three basic ways to attempt. A study can be explorative, descriptive or explicative. An explicative study aims to create a deeper understanding to why the phenomenon occurred, while an explorative approach looks into the different opportunities of a phenomenon. A descriptive approach is attempted when the knowledge about a phenomenon is relatively good, but an updated and distinct picture is missing. The purpose with a descriptive study is to answer the question “How” – in other words rather to describe than exploit a topic. However, to be able to perform a descriptive study, it also has to be explorative to some degree. This occurs often in the beginning of the research process, to be able to create a global picture of the phenomenon. These three different approaches are less or more overlapping each other, but it is the main purpose that decides which approach that is most appropriate (Christensen & Engdahl, 2001).

This study is based on a descriptive approach, due to the fact that the purpose of the study is to describe how particular environmental influences affect a company’s decision making – when it comes to the question whether to standardize or adapt the marketing mix. Creating a global knowledge about the phenomenon in the beginning of the research process makes this study also explorative to some degree. Due to this a deeper knowledge about standardization and adaptation of the marketing mix is created; nevertheless the aim with this study is to give a picture of how an actual company deals with the question in reality.

3.1.1 QUANTITATIVE VS. QUALITATIVE APPROACH

Every study is based on collected, analyzed, interpreted and presented data. This data is usually divided into two different types; quantitative and qualitative data. Quantitative data is focusing mainly on variables such as numbers, quantum, and frequency – to be able to study only specific parts of entireness. A qualitative approach on the other hand is based on descriptions of the reality in form of words and models. The purpose is to explore, illustrate and understand a phenomenon (Christensen & Engdahl, 2001; Jacobsen, 2002; Hartman, 2004; Kvale, 1997). Deciding which approach to attempt is a question of what kind of information the author wants to present and how this information should be applied in the study (Christensen & Engdahl, 2001).

Based on the definitions above, a qualitative approach will be attempted in this study. As mentioned earlier, the purpose with this research is to describe the complexity of a company’s reality. The reason to why a qualitative approach is chosen is that the study is only performed on one particular company with the purpose to investigate the research question in depth. The
study does in other words not aim to show any statistical results and therefore no quantitative research will be performed. The collected data will in other words be presented in form of words and text. It will compared to the quantitative approach be unstructured and analyzed from an interpreted and not statistical point of view (Christensen & Engdahl, 2001). Since the study aims to describe how a particular phenomenon occurs on particular markets, a qualitative approach is found to be more suitable.

3.2 RESEARCH DESIGN

Deciding which design will be applied to the research determines what kind of research method and results will be carried out and presented. The major parts of all studies are divided into two different analytical dimensions; a broad-external or a narrow-deep research. A study based on a broad and external approach is focused on a few variables at many research units. The purpose is to generalize the population in question. A narrow and deep study is instead focused on a deeper study on a few number of research units. Studies of this type are usually performed during a longer time perspective or a given moment. They can be of a quantitative approach, but are usually qualitative. These studies are called case studies. A narrow-deep case study is based on an evaluation, while a broad-external study is more based on a representative probability selection. This means that a narrow-deep study does not show a statistically generalized picture of a population, but creates an analytical generalization. This analytical generalization compares the theory with the reality and searches for information concerning a phenomenon. This makes it even more important to choose a meaningful unit to study (Christensen & Engdahl, 2001).

A case study is appropriate when the research aims to find out what is happening, how it is happening and why it is happening. The purpose with this study is to look beyond the surface and instead create a deeper understanding of a phenomenon (Christensen & Engdahl, 2001; Ejvegård, 2003; Kvale, 1997). An unstructured form of a case study is a presumption to be able to cut into the depth of a problem, but this is also the main weakness. Without any given guidelines it is easy to make mistakes and lead the study into unexpected directions. However, it is important to point out that it is the problem question and the study’s purpose that determine if a case study is the most appropriate approach or not (Christensen & Engdahl, 2001).

Since the study is a descriptive study and as seen earlier aims to create a deeper understanding of a phenomenon, it is safe to say that it is considered to be a case study. The purpose with this particular study is to look beyond the surface and create an understanding of how environmental factors influence the adaptation of the marketing mix. This defines this study as a case study. Studying only one company’s way to adapt the four elements of the marketing mix on two different international markets shows that this research is narrow-deep. The purpose is not to generalize a whole population, but instead see how one particular company is handling this problem. Through a qualitative approach the study will compare the theoretical aspects of adaptation with the reality. As mentioned earlier, this study will concentrate on how the particular company deals with this phenomenon. In the following sections the data collection methods will be presented more detailed – but first a presentation of the chosen company will be given.
3.2.1 Case Selection

To be able to answer the purpose of this study – how a company adapts their marketing mix on different international markets – it has been of great importance to investigate a company that has been successful in their internationalization process. An example is Getinge AB – a company located in a small town called Getinge in southern Sweden. The company provides medical equipments for institutions around the world. During their existence they have managed to build up 28 sales companies and distributors. Today Getinge AB is one of three business areas that the Getinge AB Group consists of. Getinge AB operates in a segment that is called infection control, which is concerning hygiene and control of micro organisms in hospitals and pharmaceutical manufacturing. Due to this, and the fact that Getinge AB has a world wide spread business and are leaders in some particular segments, they have been studied.

As mentioned earlier in chapter 1, this study will only focus on the business area of infection control – namely Getinge AB. Further on, two international markets has been selected to see how the company is adapting their marketing mix there.

3.3 Data Collection

To be able to answer the research question, data needs to be collected. There are two different sorts of data depending on when, how and why the data has been collected. This data collection process is usually divided into two steps. First, a general understanding of the problem area must be created. By gathering already existing and available information – so called secondary data – an insight is formed. However, the secondary data may not be enough to fulfill the purpose with the study and information beyond this must be collected. Data that is gained by the investigator himself is called primary data. In the following sections the different data collection methods and techniques will be presented (Christensen & Engdahl, 2001).

3.3.1 Secondary Data Collection

Secondary data can be defined as data that has been collected and related to another purpose – in other words, data that already exists. This data is useful in the beginning of the research process, in order to gain a basic knowledge about the subject (Christensen & Engdahl, 2001; Kvale, 1997). The most usual way of finding appropriate secondary data is to begin with a literature research concerning the subject. Beyond books, journals, and research reports, there are also a number of databases to use. Thanks to Internet, the availability of databases and search engines has increased. Searching through different databases is a very time and cost effective way to find appropriate material. However, the findings should be carefully evaluated, to see whether the information is reliable or not. To evaluate secondary data in general, the source should be critically reviewed. It is important to be aware of who has performed the research, to what purpose, and which method has been used to secure that the information is correct (Christensen & Engdahl, 2001).

The collection of secondary data for this research’s purpose has mainly been gathered from literature regarding international marketing, which was found in the library of Halmstad and the library of Halmstad University. Scientific articles, found in databases have been the other important source. To gather as reliable facts as possible, the original source has been used.
Internet has not been a primary source for secondary data collection, since the information found there may be unreliable.

3.3.2 PRIMARY DATA COLLECTION

To answer a purpose requires sometimes more information than secondary data can provide, or information that is not suited to the specific purpose. This means that new information must be collected through field studies, to solve the problem. This kind of data is called primary data. Primary data can be collected through several different techniques, where the most common ones are questionnaires, interviews, observations, and experiments. All these involve some kind of interaction and communication with other people (Christensen & Engdahl, 2001; Svensson & Starrin, 1999).

Since the primary data in this study is collected through a qualitative interview, the other techniques will not be further described. The purpose with a qualitative interview is to identify unknown and necessary data through a conversation (Svensson & Starrin, 1999). There are four different types of interviews; the personal interview, focus groups, telephone interviews, and “in-city” interview. An interview can also be structured, semi-structured or unstructured. A structured interview is usually based on a questionnaire; a semi-structured interview involves an interview guide with themes or questions that ought to be concerned during the interview, and finally the unstructured interview is completely informal and the respondent can talk free about the problem area. The results of the latter two interview forms are analyzed qualitatively (Christensen & Engdahl, 2001; Kylen, 2004; Svensson & Starrin, 1999; Kvale, 1997).

To collect needed information a personal interview was held with Vice president of sales and services of Getinge AB – Harald Castler. The respondent has also an important role as a manager director of one of Getinge AB’s three business areas – the area of infection control. The interview took place at Getinge AB and lasted for one hour. The fact that the interview took place at the respondent’s natural environment is according to Kvale (1997) a way to make the respondent feel more comfortable. A personal interview is characterized of the fact that the interviewer leads the conversation, but the respondent has also a responsibility for the quality (Christensen & Engdahl, 2001). To improve the quality, the questions were well prepared and based on the previous frames of references. However, the interview guide was of a semi-structured character with open questions (Appendix 1), to give the respondent the opportunity to tell about other important factors, but also to be able to ask attendant questions. The interviewers have tried to avoid affecting the respondent with their actions and leading questions – to be able to obtain higher reliability and validity. An interview like this gives the interviewer the opportunity to develop, adjust and follow up data that may be suitable for the purpose of the research. Svensson and Starrin (1999) calls this a directed conversation. The respondent was aware of the purpose of the study and had the opportunity to see the interview guide before the interview was held – just as Kvale (1997) suggests is appropriate. This provided him with time for preparation, and also increased the reliability validity of the information. Christensen and Engdahl (2001), Svensson and Starrin (1999), and Kvale (1997) claim that taping an interview minimizes the risk of missing important information, obtains the interviewer with correct information later, but also gives the opportunity to concentrate on the ongoing interview and to ask attendant questions. Due to this, the interview with Harald Castler was taped.
The interview required that we had knowledge about the subject, presented the purpose for the respondent and prepared clear and direct questions. It was also of great importance to listen and letting the respondent finish the sentences without interrupting, but also to interpret what the respondent had to say (Kvale, 1997).

The empirical data collected from the personal interview was complemented with an additional interview guide (Appendix 2). This guide contained more specific questions, to be able to collect more detailed information about Getinge AB’s actions on the different markets. The complementary interview guide was e-mailed to the respondent, so that the respondent could take his time and think through the given questions in peace and quite.

3.4 RELIABILITY AND VALIDITY

Reliability, validity and generalization are terms that are often used when the verification of knowledge is discussed (Kvale, 1997). Regardless whether a study is qualitative or quantitative, it has to be credible and reliable to make the research, the result and conclusions useful. However, the terms reliability and validity must be treated in different ways depending on whether the research method is qualitative or quantitative. Since a qualitative study usually is a case study, it is difficult to isolate the different variables from each other, and the context must be taken in consideration instead (Christensen and Engdahl, 2001).

3.4.1 RELIABILITY

The reliability of a study measures to what degree a study’s result can be repeated if an identical or similar research wants to be carried out. An approach like that causes often problems during the collection of the data, since the interaction between the respondent and the interviewer is the most essential fact (Christensen and Engdahl, 2001; Kylén, 2004). If the respondent is not as cooperative the second time as the first time, differences and lack of insufficient information can occur. Another issue is that since the reality is inconstant, it is impossible to collect identical data every time. This means that one rarely or never, can achieve the same results the second time as the first one (Christensen and Engdahl, 2001).

To be able to strengthen the reliability of this particular study, some measures were taken into consideration during the interview. The interviewers have for example avoided asking leading questions, since these are not a conscious part of the interview technique. Another fact that can result in unclear and incoherent answers is misunderstandings of the questions. Whenever there has been any misunderstanding during the interview, the question was asked again.

Additional measures have been taken into consideration, to be able to increase the reliability of this study. These actions have been described in detail in previous sections and are therefore just briefly mentioned here. The interview guide was for example based on the frame of references, to be able to answer the purpose of the study. The fact that the interview was taped gave the interviewers the opportunity to focus on the conversation and not on taking notes, which also provided the opportunity to ask attendant questions. The choice of the sources is also a critical aspect and was therefore also evaluated carefully. The interviewed respondent at Getinge AB had the access to the information that was needed to answer the purpose of the study. The secondary data has also been carefully evaluated, and Internet has been excluded as a source. Aside from these actions the analysis of the collected
data is an important aspect of a study’s reliability. Analyzing the data in similar ways increases the chance to repeat the research process. In this study the analysis of the qualitative data has taken place mostly after the interview at Getinge AB. The interview was transcribed and the empirical data were then compiled and analyzed based on the frame of references. By concentrating the sentences included the most essential information of the interview. The empirical data has been divided and analyzed on the basis of the frame of references, which means that the setup of the analysis chapter has been based on the setup of the second chapter in this study.

3.4.2 VALIDITY

The validity of a study on the other hand concerns the study’s credibility and results. That means that it measures how well the results do correspond with the actual reality. The credibility in a qualitative study is based on how systematically the collection and analysis of the data has been carried out, and how openly it has been presented (Christensen and Engdahl, 2001). The data in this study has been structured to create an understanding of the underlying patterns. Svensson and Starrin (1999) means that the validity enhances through feedback from the informer, and they also suggests that the collected data should be confirmed by the respondent to increase the validity of the study.

The validity of a study does also concern how general a study is. Even though it is most usual to generalize quantitative studies, it is also possible to generalize results from a qualitative study. Nevertheless qualitative data is usually based on a few units, which makes it impossible to talk about statistical representativeness. To be able to generalize a study, it has to have a good validity, so that it can be transferred to other case studies (Christensen and Engdahl, 2001; Kylén, 2004).

The quality of the analysis and validity depends most certainly on the quality of the interview (Kvale, 1997). That means that the collection and analysis of data takes place at the same time. In this case the analysis of the data took place during the interview. This means that attendant questions were asked when important and relevant information was brought up. By analyzing the data during the collection, gave better opportunities to structure it and therefore carry out a good research. The complementary interview guide is also a way of creating validity to the study, by adding as much information as possible to create a picture of the reality.

The purpose with this study is not to generalize the results, but to see how a particular company deals with environmental influences, when taking the decision whether to standardize or adapt their marketing mix. The collected data has been compared to Getinge ABs recent annual report – to strengthen the validity, but also the reliability, of the information.
4 EMPIRICAL DATA

The empirical data in the following chapter is mainly based on an interview with Harald Castle, who is the Vice president of sales and services of Getinge AB and director of the infection control business area. The data has been complemented with information from Getinge ABs annual report 2007, which in that case has been referred to in the following text. In this chapter the three business areas within the Getinge AB group, will shortly be presented. However, the remaining chapter will only focus on the business area of infection control – Getinge AB – and their adaptation strategies on the Chinese and the German market.

4.1 GETINGE AB AND THEIR INTERNATIONALIZATION PROCESS

The Getinge AB Group is a Swedish company that operates in a business that offers medical equipment. This segment concerns production of medical equipment that controls hygiene and microorganisms in hospitals and pharmaceutical manufacturing. The Getinge AB Group was grounded year 1993 and is today, among the 10 biggest medical equipment companies in Europe, and among the 30 biggest in the world. The company has since 1993 grown 15 percent, which classifies them as a medium growth firm (Getinge AB, 2007).

The Getinge AB Group consists of three totally different and independent business areas. Each of the areas has its own manufacturing system, product development, sales service, administration system, and human resources. The first business area is the medical systems business area, which goes under the name Maquet. The second area, Arjo, concerns the extended care, and the third area, which is in focus of this study, is the infection control area - represented under the name Getinge AB. Getinge AB is manufacturing and selling complete systems to prevent the onset and spread of infection. The product assortment includes sterilizers, disinfectors, documentation systems and other supplementary equipment, as well as service and consulting. Production is conducted at 12 plants in seven different countries. Sales are global and conducted through 28 proprietary sales companies and through distributors in markets where the business area does not have its own representation (Getinge AB, 2007).

The area of infection control – Getinge AB – was founded around 100 years ago and was a part of the Electrolux group until year 1989, when Rune Andersson and Carl Bennet acquired the company. Thanks to Electrolux existing global network, Getinge AB was at that time already less or more international – even though their real internationalization process began in 1990, when they established sales companies in Denmark, Finland and Norway. During that year Getinge AB also acquired their first company; Scott Western from England – a company specialized in disinfection. That was the beginning of their international adventure which followed with established subsidiaries around the world (Getinge AB, 2007).
Getinge ABs main reason to internationalize their business has been to grow. This vision of growth has been a way to motivate their existence – the vision has become a driving engine. Harald Castler – the Vice president of sales and services of Getinge AB and the managing director of the area of infection control – says that growing is the only way to survive in this type of business. Harald Castler also means that the fact that Getinge ABs domestic market has been to small, has lead to the fact that internationalization has become a natural strategy.

4.2 ADAPTING TO LOCAL MARKETS

Today Getinge AB operates in 35 different markets and has a high market share in both Europe and the US (Getinge AB, 2007). Since expansion is not the primary objective, they instead focus on their performance on existing markets. However, every internationalization process can be affected of different barriers. Different environmental factors can restrict every company – and even Getinge AB – in its operations. The challenge is therefore to design offers that will help them to win market shares.

Before entering a new market, Getinge AB must carry out several market analyses to gain knowledge about the market. Harald Castler means that it is important to take differences in social/cultural behaviours, legal systems, economic systems, political barriers and the grade of technological development into consideration when deciding whether to enter the particular market or not – but also which strategic approach to apply when expanding their business on specific markets; standardization or adaptation. Getinge AB usually enters new markets with standardized offers. However, if their business becomes negatively affected by the special consumer behaviours and demands, they must take the adaptation strategy into consideration. Applying this strategy is according to Harald Castler nothing unusual for Getinge AB, but the degree of adaptation of the marketing mix differs from country to country. Different demands and ethical standards are factors that affect whether a product should be standardized or adapted; specific situations result in the fact that the price of Getinge ABs products is rarely standardized, but instead becomes negotiable; regarding the promotion the same logotype is used around the world, but the local language is applied in most of the cases; and when it comes to distribution channels the most efficient ones are evaluated from situation to situation. These changes are easy to make to be able to meet the current target market’s needs. However, Harald Castler means that the future plan is to eventually adapt the logotype to the specific market character style - to create a universal understanding and visibility of the brand. Direct sales by owned subsidiaries and distributors are nevertheless used on most of their markets – but to different degrees. On their most significant markets they prefer to apply direct sales and avoid distributors and retailers. However, distributors and retailers becomes the remaining choice on markets where it is impossible to build up own subsidiaries. These are according to Harald Castler, just several examples of how Getinge AB penetrates specific markets by adapting the elements of their marketing mix to local conditions.

Summarizing Harald Castlers view of Getinge ABs adaptation of the marketing mix; price, promotion and distribution are considered to be the easiest parts to adapt. The product is most advanced to adapt, since it is a costly approach and demands resources and time. But if the company wants the modifications to result in increased sales, they will not resist from applying this approach.
In the following sections two of Getinge ABs international markets will be presented, to give a more detailed description of how the company adapts their marketing mix to different local conditions. A deeper insight will be made on the German and the Chinese market.

4.2.1 The German Market

In 1950 Getinge AB entered the German market with the assistance of agents and distributors. They – as in most other cases – offered standardized medical equipment to the German hospitals and institutions. With the passing of years Getinge AB had managed to establish own subsidiaries on the German market and had therefore more access to the market specific information and could indentify the needs and demands. In year 2000 the company decided to come across the existing needs of custom-made products and started adapting their offers to the local market. The main driving forces were a willingness to expand further on the local market and not at least increase their profit. This strategy has been very successful for them, due to the fact that they have risen from their placement as number four on the market to number two. Not at least have their sales increased from 30 MSEK in year 2000 to 150 MSEK in 2007.

Product

Acquiring a company called Maquet in year 2000 provided Getinge AB with a small manufacturing unit, which turned out to be a great benefit when deciding to adapt their products to local needs. Without this acquisition it is certainly doubtful if the adaptation strategy would have been applied in Germany at the moment that it actually was. The actual process of producing products for the German market used to take place in different countries. The products were at that time manually produced in Sweden, and the attempts to adapt the design to the German requirements were made before transmitting them to Germany. However, changing the design in Sweden to fit the German requirements was not a success. There was a big mental distance between these two cultures which made it difficult to apply the German requirements to the product in Sweden. It happened instead to be thanks to the previous acquisition of Maquet, that Getinge AB had the resources to start adapting their products to the German requirements. The core product remained the same with its standard functions, but the final touch was added in Germany to satisfy the German customer’s. Changing the surface added another dimension of quality for these customers. Since Germany is a part of the European Union, there are no additional requests that limit Getinge ABs actions when it comes to the product. Due to all this, Getinge AB has managed to achieve 15% of the market shares in Germany, compared to the 3% that they had before starting to adapt their products.

Price

The German market is considered to be one of the wealthiest markets that Getinge AB operates in. Due to this, Getinge AB has been able to adjust their prices to the improved quality of the products. Getinge AB has thanks to the adaptation to a more exclusive design and an assortment with unique products, managed to request higher prices and still stay competitive on the market. The rise has totally enlarged with ten percent in comparison with the price of their standard products. This is a result of the increased producing costs for adapting the products - which have risen with 20 percent compared to the producing costs of a standardized product. However, not being number one on the German market, limits the company with their price setting. Since they must adapt their prices to the market leader in Germany, they are not able to compensate the high producing costs with an adequate price.
Setting a higher price than the leader, would make them loose a big part of their existing customers. Since Germany is a member of the European Union, there are no central standards that need to be considered in this case neither. However, value added taxes varies across the European Union, which in turn affects the price level. This means that the prices are fixed and only differed because of the taxes – and are in other words not negotiable on this market. However, even though the producing costs have increased on this market in general, Getinge AB has captured market shares and succeeded to grow on the German market. Due to the higher request of their products, they have been able to adapt their prices to a higher level – which means that their overall incomes have increased.

**Promotion**
One of Getinge ABs most important promotion channels are their meetings with existing and potential customers. A representative from the company presents their business concept, their vision, and their products. The representative explains in the local language the importance of hygiene control and the role of their products in that context. By informing about the news from health organizations around the world, discussing current problems concerning infection control, and explaining how to avoid these – Getinge AB manage to create a positive picture in the minds of the invited customers. Just knowing that it is Getinge AB that invite to these meetings creates a strong indirect promotion and trustworthiness towards the company. Once a year Getinge AB take part of one of the biggest international trade fairs, called “Medicia”. Thousands of medical equipment companies from all over the world are represented on this chant. By the reason of the international mix of representatives, Getinge AB provides own salesmen from different parts of the world and to be able to communicate with as many potential customers as possible. The language of the promotion is in general adapted to the local language. However, being part of the European Union means that Getinge AB are limited in the sense of promotion, due to the fact that they must adapt their promotion to the existing laws that control the way a company can promote themselves.

**Distribution**
As mentioned earlier, one of Getinge ABs most important ways of distributing their products in Germany, is through own subsidiaries. However, the company also realizes the importance and success of above mentioned meetings, and therefore spends much resource on these. A big part of the company’s representatives are salesmen and this way of distributing their products becomes one of the most essential ones. Amounts of financial resources are also spent on different exhibitions of medical techniques. Getinge ABs distribution channels in Germany are chosen so that they can reach out to their customers in the most efficient way possible. One might say that these ways of distributing their products are essentially standardized, since they are used on other markets as well. Nevertheless, looking from another point of view, all these channels are not used in all countries – but instead adapted to the situation. Channels that are most efficient in particular situations and markets, are used to reach out to the customers. Also, when it comes to the distribution channels, there are some restrictions within the European Union that Getinge AB need to pay attention to. Within the European Union there are increasing demands that the producers must be able to track their products to the end-user, in case of detection of quality imperfections. This requires that the distribution channels include some kind of quality assurance, for example ISO 9000 – which Getinge AB have managed to implement.
In 1985 Getinge AB entered the Chinese market with the assistance of different distributors. Harald Castler explains that the company had no own employees, but leaned instead on other collaborators who worked for commission. It was not until year 1995 that Getinge AB established their first own operation in China. Nowadays the firm has established several subsidiaries with own production in the country. However, since China is a big country, Getinge AB are still also operating through distributors in some regions to be able to reach out to existing and potential customers. Getinge AB entered this market with a standardized strategy. They offered same products, to same prices, using the same promotion and distribution channels as in other countries. They experienced great breakthrough in the top segment with this strategy, and eventually they even became market leaders there. Acting within the top segment that involved the most prestigious hospitals with the best equipment, university hospitals and centers of learning, meant that they were competing mainly against other foreign companies. However Harald Castler says that, to penetrate other segments on the Chinese market, required a more powerful and prosperous strategy. The local institutions did not have the resources or reasons, to prefer the products of the expensive importers, and therefore prefered local manufacturers whose prices are 20% lower. To achieve success and increase their sales on a low price market, where the main competitors were the local Chinese manufacturers – Getinge AB had to start applying their products to the local conditions four years ago. Being actors in a country where most companies need to adapt their business more or less to be able to increase their profitability and take market shares, Getinge AB was no exception. With this development Getinge AB, aim to take market shares among the domestic players within the broader segments.

Product
Starting to adapt their products to be able to penetrate the Chinese market has led to the fact that less advanced products have been produced. This does however not mean that the quality of the products has changed, but the products have only become more adapted to the requirements that the smaller institutions have. In connection with this and the different norms that the Chinese governments have decided should be applied in the country, Getinge AB must for example adapt the product’s pressure vessels. Further adaptation of the products has been made by translating manuals and displays to the local language. The technological development has made it possible to choose among different alphabets on the display. Another example of cultural differences that the company must take into consideration is the electrical wiring, which differs from the European one. Conditions regarding the industrial safety are also different on the Chinese market, and Getinge AB must adjust to that.

According to Harald Castler, political restrictions are another factor that has affected the sales of the products on the Chinese market. Nowadays the products are sold in local currency. However, former currency restrictions required that customers purchased the products with US dollars. To receive US dollars was a decision that had to be approbated by the Chinese government. Removing those restrictions made the process easier for the customer and Getinge ABs sales increased. Foreign companies that enter the Chinese market must be aware of the political influences that they might be exposed to. Companies who are manufacturing their products on the domestic market and exporting them to the Chinese market must pay tariffs of 10% of the total sum. Getinge AB must due to the governmental requirements also register all their medical products, to be allowed to sell on the market.
Price
To penetrate the Chinese market deeper and reach out to other segments, Getinge AB has established their own manufacturing in China. This means that the production costs and workforce have been reduced. That has according to Harald Castler, resulted in lower sales prices, which in turn has given the company an opportunity to compete in broader segments and reach more customers. Due to this, Getinge ABs sales in China have increased essentially. Establishing own manufacturing can be seen as an adaptation on the Chinese market, due to the fact that the strategy has been applied to penetrate the broader segments. This has required Getinge AB to adapt their costs and consequently also their prices, to be able to sell to the local institutions. Due to reduced costs they have managed to reduce their prices with 20%. However, the prices are also adapted from case to case. This means that the prices are often negotiable, but also that the price lists are custom made so that essential reductions are offered. This has resulted in increased sales of products – from 25 to 100-150 units. The total turnover has also increased, even though the prices are lower.

When it comes to legal influences, there are several regulations that control the formation of the marketing mix. These legal regulations are created by the politicians in the country. Medical technical products are as seen before concerned by these laws. When it comes to the price, local taxes must be taken into consideration – which means that the prices are adapted to local conditions. However, the earlier mentioned technological development regarding the insertion of different languages on the display has contributed to the fact that the manufacturing costs have been reduced. The constant developing economy in the country supports Getinge AB, and increases their sales.

Promotion
The increased selling of products has required an increased number of customer meetings, which in turn has required an increased capacity of salesmen. Starting to adapt their business in China forced Getinge AB to expand their marketing organization. Since they do not use mechanical marketing of their products, personal meetings are the primary way of marketing themselves, which can be seen as an indirect adaptation since they are meeting their customers directly and with that adjusting to the specific situations. This means that they had to employ an increased number of salespeople to reach out to a higher number of potential customers. Besides promotion through individual visits, Getinge AB has also been active when it comes to inviting potential customers to meetings. A representative from the company presents their business concept, vision, products etc. in the native language. The group of potential customers involves mainly companies and experts in the area, but also other interested institutions. Visiting different cities in China and inviting the local hospitals for seminars gives the company a great opportunity to present and market their products. Taking part of national fairs with local representatives is another efficient way for Getinge AB to market their products.

All promotion that Getinge AB carries out in China is adapted to the local language. The technological development has made it more cost effective to design promotion material in several different languages. This can be compared to the earlier situations when the material was standardized and only existed in four different languages. However, there are some technological restrictions that require Getinge AB to adjust their business on the local market. Not being able to visit foreign websites on the Internet, makes it necessary for Getinge AB to create local websites to reach out to the Chinese customers.
In China there are vague legal restrictions when it comes to replication. Replicating other companies in form of promotion for example does not violate against any local norms or culture. The competitors are instead very open about the fact that they are copying Getinge AB. This fact is a major cultural difference between the domestic market and the Chinese one. However, the Chinese governments have begun to empower the laws concerning replication.

**Distribution**

Operating in a big country such as China, makes it difficult to cover the whole nation with own direct sales forces. Low income per capita and big geographical areas makes it expensive to distribute the products directly. Getinge AB has therefore managed to establish direct sales forces in big and prestigious cities and regions, but in the remaining parts of the country they have been forced to sell their products through distributors who have better financial presumptions. Even though Getinge AB is educating their distributors and their logotype is used, there are still difficulties due to the fact that the company has no direct relation or contact with the customer. If their products are known under the name of the distributor and the distributors business fails, it will in the end result in negative associations for Getinge AB. The mission is to make the customer feel like he is actually purchasing from Getinge AB and not the distributor. This means that finding the right distributor is crucial for the success of Getinge AB. Mapping out the leading distributors in a market and convincing them to sell the products of Getinge AB, makes the company avoid educating others.

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**5 Analysis**

The following chapter contents a deeper analysis of the previously presented empirical data. Here parallels are drawn between the empirical data and the theoretical framework and a discussion takes place.

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**5.1 Standardization vs. Adaptation of Getinge ABs Marketing Mix**

The decision regarding the standardization or adaptation of a firm’s marketing mix is as stated
in the theoretical framework a very important and crucial decision that has an enormous impact on a firm’s future actions. Being a company that offers industrial products that are being used in same ways and with the same aim around the world, enables them in theory to offer standardized products, with standardized prices, using mostly standardized promotion. This would mean that Getinge AB would not have several individual consumer’s demands to fulfill, and could therefore enter new markets with basically standardized products. However, the reality differs from the theory. Total standardization is as Onkvisit and Shaw (2004) and Douglas and Craige (1995) state very hard to achieve even for industrial products, since different regulations and consumer needs actually do exist. Even though Getinge AB usually enters new markets with standardized products, they must keep up with their competitors, and therefore must be able to see when the need for modification arises – just as Onkvisit and Shaw (2004) states. In those cases and in cases where the company tries to obtain increased sales and expand to other segments, adaptation of their activities – including the marketing mix – to local conditions and demands, becomes a natural and unavoidable approach. To reach out to these desirable segments on the local markets, it becomes necessary for Getinge AB to adapt their offers to these customer’s demands. This has been the case on the Chinese and German market.

What also becomes interesting when talking about the standardization and adaptation of the marketing mix is that the complexity factor that was stated in the theoretical framework, agrees with the reality of Getinge AB. This means that when it comes to adaptation, the product occurs to be the most difficult element of the marketing mix to modify to the specific demands, while the price, promotion and distribution are more easily adapted to the local conditions (Onkvisit & Shaw, 2004; Douglas & Craige, 1995). The main reason in Getinge AB’s case according to Harald Castler, is that adaptations that are performed on their products are time and resource demanding. Innovating new models results in high investment costs. To carry out an adaption of this kind, the company must be sure that they will gain profit in the long run.

Looking at Getinge ABs earlier actions on international markets, they have not experienced essential needs to adapt their products to be able to expand to other new segments. The reason has been that they have managed to achieve great success with their standardized offers in the already established segments. With the assistance of this, Getinge AB has managed to build up a world renowned brand – which Onkvisit and Shaw (2004) and Douglas and Craige (1995) mean is a result of a standardized approach. Getinge AB has during their 100 years of existence managed to keep up with the competition thanks to their standardized products. Onkvisit and Shaw (2004) and Douglas and Craige (1995) also state that an integrated image worldwide is created when firms apply a standardized approach. The fact that Getinge AB presented standardized offers around the world may have been one of their break-through factors. Giving their customers the ability to identify the company might have created trust towards Getinge AB. However, today’s globalization and internationalization have changed the presumptions for companies. Nowadays, standardization does not automatically guarantee profit and success (Onkvisit & Shaw, 2004). Increased competition within the medical industry has lead to an enlarged selection of products. This means in turn that standardized products will surely be unsuitable for different markets. Different social/cultural behaviors, legal systems, economic systems, political barriers and the technological development on every market must be evaluated and taken into consideration. This has more or less forced Getinge AB to start adapting their marketing mix – in word of offers and surrounding services. These environmental factors affect the degree of standardization or adaptation from
country to country (Douglas & Craige, 1995; Hollensen, 2001). Chinese and German markets are two examples where Getinge AB applied the adaptation strategy for different reasons – which we will return to in following sections.

5.1.1 STANDARDIZATION VS. ADAPTATION OF PRODUCTS ON THE GERMAN AND THE CHINESE MARKET

As mentioned earlier, Getinge AB usually enters new markets with standardized products. This is facilitated by the fact that they produce medical equipment, which has as Czinkota and Ronkanen (1995) claims a universal acceptability. However, the expanded internationalization has resulted in an increased competition around the world. If a company strives to position themselves one step ahead their competitors, they must continuously revenue their offers in one way or another (Onkvisit & Shaw, 2004). According to both Onkvisit and Shaw (2004) and Douglas and Craige (1995) products are the most difficult modification to proceed with. Due to the fact that both China and Germany are considered to be industrial economies, which Kotler et al (2005) defines as countries with international competitors, Getinge AB must take the local and international conditions into consideration when developing their products to create competitive advantages. Practical experiences at Getinge AB, verifies that the above mentioned statements are true. Especially a market’s local environment has a huge impact on the acceptance that a product receives. Local customs and habits, but also legal and political conditions affect the degree and variation of the adaptation that is done on the product (Hollensen, 2001). This can be seen on both the Chinese and the German market, where local cultural differences had to be taken into consideration.

Wanting to penetrate the Chinese market and reach out to broader segments including smaller institutions on one hand – and striving to achieve a position among the leaders on the German market, on the other hand – have forced Getinge AB to adapt their products to the local conditions. The standardized offers in China are still being sold to the top segments, which include the top hospitals. The product adaptation on this market is as mentioned earlier caused by the willingness to penetrate the market and reach out to smaller institutions where more local actors are leaders. Many of the international companies are trying to develop global products by including the regional or worldwide differences into one basic design (Czinkota & Ronkanen, 1995). Getinge AB is not an exception when it comes to this. Even though the core of the product is standardized, they have in Chinas case adapted the product to a less advanced model. This adaptation has been necessary because of the environmental conditions that dominate in China. Cultural differences such as different languages are important to adapt, which have forced Getinge AB to translate their manuals and displays to the local language. This adaption has been enabled thanks to the technological development, which Doole and Lowe (2004) mean is a driving force in a firm’s internationalization. Different Chinese norms that are regulated by the government – so called political operational restrictions – require that the pressure vessels should fulfill certain quality standards, and therefore these have been modified. Other cultural differences that must be considered are the electrical wirings that are different from the European ones. All these changes are necessary to adapt if Getinge AB want to achieve success in these markets.

In Germany, on the other hand, the product adaptation started with the acquisition of the German company Maquet. Receiving their manufacturing unit, they also received the resources that were needed to start to custom-make their products and modify them according
to the local needs. The cultural differences between Germany and Sweden were too big for Getinge AB to be able to capture the German requirements. Through this acquisition they additionally got the knowledge that was required to be able to add the sense of the German culture to the core products. By “thinking globally, acting locally” as Czinkota and Ronkanen (1995) state, Getinge AB managed – thanks to Maquet – to modify the design and satisfy customers’ demands and with that close in on the market leader. Adding another dimension of quality for the German customers has resulted in increased sales for Getinge AB on that market – from 3% of the market share to 15%. Modifying these products to a higher standard makes it possible to require higher prices.

Comparing the adapted products in China and Germany with the core products, it is safe to say that the adapted Chinese products are overall less advanced, but not less qualitative than the core product, while the German ones are more advanced and qualitative. However, this is inessential, since the requirements differ in the two different markets.

Local domestic, home domestic and international laws are setting the rules of the game for firms (Keegan & Schlegelmilch, 2001). Legal restrictions have in Getinge AB’s reality turned out to be a result of political decisions. These restrictions are another environmental influence that has complicated the businesses of Getinge AB in the past. However, since the government in China has removed the constraint of purchasing with US dollars and allowed customers to purchase with the local currency, the sales of Getinge AB’s products have increased. This can be considered as an indirect adaptation to the local laws, since Getinge AB has been affected by the political restrictions and restrained in their business in China. Since Getinge AB is providing the market with medical products, there are other local domestic laws in China that require the products to be registered. These adaptations of the product have been made to fulfill the demands that are required in the broader segments that Getinge AB wants to penetrate. However, featuring adaptations of the product – other than the previously described ones – on the German market, does not exist, since Germany is a member of the European Union and no legal limitations are restricting Getinge AB in their actions.

These two markets differ markedly since the products in China need to correspond mainly with the environmental conditions such as national product regulations and legal restrictions. Differences like these are common according to Hollensen (2001), Douglas and Craigie (1995) and Czinkota and Ronkanen (1995). Even though Keegan and Schlegelmilch (2001) claim that industrial products are less sensitive to cultural variations than consumer products, the reality of Getinge AB has shown that environmental differences must be taken into consideration. Failing to adapt the products to specific markets can result in a disaster for the company, since it requires big financial investments (Douglas & Craigie, 1995; Keegan & Green, 1999; Czinkota & Ronkanen, 1995). In Getinge AB’s case the benefits of the adaptation have been carefully evaluated, and outweighed the risks. So far, the adaptation processes have been successful in both the Chinese and German market, and profits have been achieved.

5.1.2 STANDARDIZATION VS. ADAPTATION OF THE PRICE ON THE GERMAN AND THE CHINESE MARKET

Divided opinions are dominating the view whether to differ the international prices from the
domestic ones, or not (Onkvisit & Shaw, 2004). In B-2-B the most usual approach is to set a fixed price at the head office, due to the fact that these business are less price sensitive (Hollensen, 2001). When it comes to Getinge ABs general approach when setting prices in international markets, the prices are decided at the head office. Nevertheless, these standard prices are hard to maintain, since different factors affect the price depending on the circumstances. This means that the prices are not coordinated from country to country, but instead very flexible.

Since Getinge AB has established their own manufacturing in China, they have been able to minimize their production costs. This, and the fact that the Chinese products are produced to fulfill a particular segments needs by being less advanced than Getinge ABs standard products, has resulted in a lower product price and enabled the company to reach out to the broader segments that they have strived for. This approach can be considered as price adaptation, since the actions have been applied to penetrate the market. The reduction of the price with 20% has resulted in considerably increased sales and turnovers. On the German market on the other hand, the producing costs have increased since the company has started to adapt their products to a more advanced standard. The stable economic situation in Germany enables the company to keep a higher level of their prices. Offering unique solutions make it possible to increase their prices, but still stay competitive. However, the prices are still adapted to the market leader, since they are setting the market price. In contrast to the Chinese market, the prices in Germany are fixed and rarely negotiable, while they in China are situation specific. These aspects are clearly related to the markets particular cultures.

Above mentioned approaches show the cultural differences in two different countries. Increasing prices in Germany have not caused any problems. Instead it shows that the quality and a “German touch” on the products are desirable and worth paying for. This is proved by the increasing sales. However, parallels can still be drawn between Germany and the situation in China. Getinge ABs desirable segments in China seem to appreciate products that they are used to – which actually is the reason to Getinge ABs production of less advanced products. In other words – Getinge AB is trying to satisfy the needs of all their customers – and the needs seem to be what the customers are used to. Due to this, Getinge AB can also adapt their prices to the specific situations; increased quality – increased production costs – increased prices, and the opposite.

It is important to be aware of the legal influences even in this case, since they are affecting a firm in their operation (Keegan & Schlegelmilch, 2001; Doole & Lowe, 2004). The legal influences are differing between these two countries, when it comes to adapting their prices. In China, there are several local domestic regulations that control Getinge ABs ability to adapt their marketing mix. Even in this case, these regulations are founded as a result of political decisions. These laws differ from the regulations in the European Union. In China local taxes must be taken into consideration, which means that the prices are adapted to the local conditions – while there within the European Union are no standards to be considered, except from the national taxes that affect the price level. Restrictions like these can according to Keegan and Schlegelmilch, (2001) hinder a firm in their actions as the price setting will be affected by these local taxes and tariffs discriminatory. However, the restrictions that Getinge AB has faced on the Chinese market have not been a problem for them, probably due to the fact that they are a stable and successful company.
In general it can be stated that the price level in Germany is standardized within the country, since no negotiations are possible – in contrast to China. The price is often affected of a firm’s position on the market (Keegan & Green, 1999). That means that the higher position a firm has, the higher prices are they able to require. This is noticeable in China within the top segments where Getinge AB operates. However, wanting to penetrate other more price sensitive segments make this approach inappropriate. In spite of this, Chinas constantly developing economy, gives Getinge AB the opportunity to adapt their price to the local situation. The situation that Getinge AB are finding themselves in shows that carrying out a cohesive price strategy around the globe are due to different circumstances very hard – just as Doole & Lowe (2004) state. Setting prices require instead different approaches. However, being an industrial economy makes it important, as previously claimed, to be aware of both trends on the local and international side – due to the international competition.

The case of Getinge AB shows that the decision – just as Hollensen (2001) states – of standardizing or adapting the price, depends on other elements of the marketing mix; in Getinge ABs case – the product. So, even though some managers believe that there is no reason to differ the international prices from the domestic ones, the situation that Getinge AB is finding themselves in shows the opposite (Onkvisit & Shaw, 2004). In their case it is impossible to have a fixed price around the world, if they are striving to penetrate and grow within particular segments and markets. Adapting the other elements and responding to local conditions requires adaptation of the price as well.

5.1.3 STANDARDIZATION VS. ADAPTATION OF THE PROMOTION ON THE GERMAN AND THE CHINESE MARKET

Building a brand and an image is today one of the most crucial things that a firm needs to focus on. Creating a universal advertising and promotion is a difficult challenge for many firms, since the advertising message must work in different countries and cultures (Keegan & Schlegelmilch, 2001). That fact makes it easy to see that a universal message is usually not a solution – instead the promotion must be created on the basis of the local conditions. When promoting their product, Getinge AB, usually use the same distribution channels on the Chinese and the German market. However, the choice of these channels is adapted to the specific situations. Meetings with existing and potential customers are the most important promotion channel in Germany, since they have the opportunity to demonstrate the importance of their product. These meetings are often held by a representative on the local language. These meetings have in later time become more common even in China, due to the increased sales. Since Getinge AB does not use mechanical promotion, the personal meetings are the primary way of promoting themselves. The meetings make it easier to adapt their actions to the social and cultural differences on the different markets. This has also required them to adapt their organization and increase the numbers of employees on the Chinese market. Another way of promoting themselves and strengthening their brand is to present their products on international fairs on both the German and the Chinese market. All these actions are more or less adapted to the dominating culture in the country. More traditional adaptations that are made are considering the languages. The promotion is, just as Doole and Lowe (2004) recommend, translated to German and Mandarin, and the personal meetings are held by representatives from respective country. These representatives are also well informed about the customs and norms in the countries, which makes Getinge AB to appear as a more credible company. The meetings in China may be a good strategic approach, due to the
Chinese culture, which is very open and social. These meetings where direct human communication is offered might be more appreciated in China than in Germany.

However, the cultural environment is not always a benefit for Getinge AB. In China for example, there are no legal restrictions when it comes to replicating other companies advertising. Instead, there is a huge openness when it comes to actions like those. These local differences are something that Getinge AB needs to be prepared to, and adapt their actions if needed. Within the European Union, on the other hand, there are controlling international laws when it comes to promotion that Getinge AB need to adjust to when promoting their products in Germany. Promotion is the most likely element of the marketing mix to adapt, since the firm can unify their message (Keegan & Schlegelmilch, 2001; Theodosiou & Leonidou, 2002). The fact is after all that customers are still different in different countries. Getinge AB considers promotion as being an easy element of the marketing mix to adapt, since language and advertising structure are relatively simple to modify. A successful advertising is when the firm’s performance needs to be inspired by using products basic appeal. In cases when the performance has a close connection to a particular attribute, the performance might be adapted to other markets as well (Keegan & Schlegelmilch, 2001). When it comes to the German and Chinese markets, a universal promotion is not possible to apply within the two desirable segments, since the product has been modified to fit the requirements.

The technological development has as stated earlier, facilitated the design of the products, but also to design promotion material in different languages. Due to this, Getinge AB can now print promotional material to lower costs and with that make them more understood on the local markets. Internet on the other hand has facilitated the communication between firms and their customers worldwide (Doole & Lowe, 2004). In China, however, Getinge AB has been forced to set up a local website, since visits on international websites are not enabled. On the other hand, the website can be adapted to more local conditions and with that capture the attention of the Chinese customers.

A universal promotion is supposed to be understood and effective in different countries, with different conditions. A standardized promotion is the approach that most firms strive for – partly due to its cost effectiveness. But since a standardized promotion requires that people or organizations wants the same product for same reasons, it is easy to realize, that creating a universal promotion is not always possible – in fact it is rarely possible. Emanating from ourselves makes it easy to see how people interpret things and situations differently. The case is the same – if not even more obvious – among different countries. Different cultures, different preferences, different languages, and not at least different legal restrictions are affecting the way a product is used on a market and how the promotion is perceived, and need therefore to be taken into consideration. In both China and Germany the advertising is focusing on actions that create positive associations to the company, and adapt therefore the promotion to local conditions as much as possible. This is the reason to why Keegan and Green (1999) claim that promotion is the most flexible element. After all, changing their promotion has as said become more cost effective and easier, thanks to the technology.

5.1.4 STANDARDIZATION VS. ADAPTATION OF THE DISTRIBUTION CHANNELS ON THE GERMAN AND THE CHINESE MARKET
Managing distribution channels on a global level is a difficult task, due to the differences in marketing strategies. Since large firms often operate through subsidiaries and distributors, the head quarters have very little control over the actions – and due to that, the valuable image can be damaged if the subsidiary or distributor does something inappropriate. However, the subsidiaries and distributors are in spite of everything operating directly on the local market, which provides them with valuable knowledge about the market. One thing is however sure - firms in B-2-B markets usually have more direct channels and with that a more direct contact with the final customer (Keegan & Green, 1999). That is actually the case with Getinge AB on both the Chinese and German market, since they are trying to operate mainly through personal meetings and own sales forces. They can through that adapt themselves to the particular situation. All the different ways of distributing the products on one particular market, makes this element the most adapted in the marketing mix.

Social growth patterns and economic development are constantly changing around the world (Doole & Lowe, 2004). These aspects must be taken into consideration when choosing the most appropriate distribution channels on a market. In China for instance Getinge AB has experienced difficulties when distributing their products due to the size of the market. Operating in such a big country with low incomes per capita, makes it difficult and costly to cover the whole territory with own sales forces. This means that they had to adapt their distribution to the importance of different regions. In big cities where they most likely have big and important customers and therefore need to be available - own sales forces have turned out to be the most efficient strategy. In small cities, where the sales are not of a large scale, distributors are used instead. However, an indirect contact with their customers can lead to problems which in turn can damage their image. The company put therefore lots of effort on the employment process and education of their staff. The economic development in a country and the income per capita should be considered, at least in the long run. An improved economic situation can lead to increased sales, which would probably require the company to adapt their distribution to the existing circumstances.

In Germany on the other hand, subsidiaries are the most important distribution channel for Getinge ABs products. But in Germany, an international trade fair called “Medica” is held once a year and even though this primary is a promotion channel for Getinge ABs products, they are still present with their representatives from different nations – who in fact are educated salesmen. Having professionals there to convince potential customers about the importance and quality of their products, and perhaps even managing to sell them – creates an indirect distribution channel. This seems to be a self-evident strategy, and missing this opportunity to promote and Secondly also distribute their products, would be a shame. As seen, Getinge AB has enough resources to distribute their products through distributors and cover the geographical area of Germany, but instead they are choosing to focus on more personal contact with the customers. Distribution channels are in general difficult to manage globally, because of the variation between countries (Keegan & Green, 1999). Getinge ABs distribution channels are, as stated before, of a standardized kind, since they do not involve any dramatically differences between the two markets. However, the way of distributing is adapted to the specific situations – in other words; the most efficient channel is chosen from case to case. Thanks to Internet, Getinge AB has been able to present their products in new efficient ways. The most important thing after all is to reach out to the customer.
When it comes to the distribution channels, firms who are operating within the European Union, must take legal directions into estimation. One of those is the increasing requirement of the products quality insurance. Getinge AB deals with that problem, by adapting the ISO 9000 qualitative assurance. According to Harald Castler, Getinge AB had not experienced any other legal regulations that have restricted them in their business.

Distribution channels are according to Onkvisit and Shaw (2004) and Keegan and Green (1999) the most distinguished element of the marketing mix. This element is in Getinge ABs case mainly affected by factors such as the infrastructure, product lines and volume sales. The occurrence of these factors affects the degree of adaptation of the distribution channels. The management’s visions and objectives on particular markets are affecting the choice of distribution channels (Keegan & Green, 1999). Decisions taken on higher levels can often lead to particular adaptations on particular markets. But as Keegan & Green (1999) state, and as seen on the reality of Getinge AB – the distribution channels are only one part of the marketing mix, and must therefore be integrated with the product, price and promotion.

5.2 SUMMARY

The previous analysis of the Chinese and the German market are summarized in the table 1 and 2 bellow. The tables are showing the similarities and differences between these markets, but also how the company has adopted the standardization and/or adaptation strategies in the particular markets. These tables are based on the theoretical framework in the second chapter. The starting point has been to see how the environmental conditions have affected the choice between standardizing and adapting the marketing mix.
### The German market

<table>
<thead>
<tr>
<th>Social/Cultural</th>
<th>Product</th>
<th>Price</th>
<th>Promotion</th>
<th>Distribution channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has been affected by the local demands that requires a specific design.</td>
<td>The pricelist is in Germany fixed and not negotiable. This has a clear connection to the German culture.</td>
<td>Has lead to the adaptation of the promotion to the local language.</td>
<td>Direct sales have been adapted as the main distribution channel throughout the whole country.</td>
<td></td>
</tr>
</tbody>
</table>

| Legal | Has not influenced the adaptation of the product since both Sweden and Germany are members of the EU. | Only the legal regulations of taxes have affected the price. Other legal restrictions are the same as in Sweden, since they both are members of the EU. | Has not influenced the adaptation of the promotion. | Increasing requirements of the products quality have forced Getinge to adapt their manufacturing to fulfill these requirements. |

| Economic | Since the product has been changed to fit more demanding customer's needs and since Germany has a stable economy - Getinge AB has been able to increase their prices. | Higher producing costs have resulted in higher sale prices, which has been possible to carry out since Germany has a stable economy. | Has not influenced the adaptation of the promotion. | Has not influenced the adaptation of the promotion. |

| Political | Has not influenced the adaptation of the product since both Sweden and Germany are members of the EU. | Has not influenced the adaptation of the price. | Legal regulations within the EU concerning a company’s way of promoting themselves have affected Getinge ABs promotion. | Connected with the legal regulations. |

| Technological | Has not influenced the adaptation of the product. | Has not influenced the adaptation of the price. | Has not influenced the adaptation of the promotion. | Has not influenced the adaptation of the distribution channels. |

*Table 1. The environmental influences on the marketing mix in Germany*
The Chinese market

<table>
<thead>
<tr>
<th></th>
<th>Product</th>
<th>Price</th>
<th>Promotion</th>
<th>Distribution channels</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social/Cultural</strong></td>
<td>Has affected the adaptation of the product (displays and manuals in local languages).</td>
<td>Different culture and habits have made the price situation specific and leads often to discounts.</td>
<td>Has lead to adaptation of the promotion to the local language.</td>
<td>Has affected the adaptation of distribution channels in different regions. Direct sales have only been possible in big cities, while distribution is used in rest of the country.</td>
</tr>
<tr>
<td><strong>Legal</strong></td>
<td>Has affected the product (local norms for e.g. pressure vessels).</td>
<td>Taxes affect the local price levels.</td>
<td>Allows other companies to copy Getinge AB's promotion, which in turn means that Getinge AB must be prepared to deal with this and adapt themselves and their promotion to the circumstances.</td>
<td>Has not influenced the adaptation of the distribution channels.</td>
</tr>
<tr>
<td><strong>Economic</strong></td>
<td>Adjustments to the product has affected the prices and own local manufacture has minimized the duty costs and therefore also the prices.</td>
<td>The country's developing economy and low producing costs have helped Getinge AB to adapt the price to the local situation.</td>
<td>Expanding to new segments has increased Getinge AB's sales, which in turn has enabled them to employ new staff, who is considered to be an important factor when promoting their products.</td>
<td>Has not influenced the adaptation of the distribution channels.</td>
</tr>
<tr>
<td><strong>Political</strong></td>
<td>Allowed purchase with USD have facilitated the purchase and increased sales, which is a change that Getinge AB needs to adjust to.</td>
<td>Disappearing duty costs have made it possible to state lower price levels.</td>
<td>These restrictions are connected to the legal ones in this case.</td>
<td>Has not influenced the adaptation of the distribution channels.</td>
</tr>
<tr>
<td><strong>Technological</strong></td>
<td>Has made it possible to provide the equipment with different languages. Getinge AB has adapted that due to local needs.</td>
<td>The technological development has in the case of China not had any essential influence on the price level.</td>
<td>Has facilitated the design of the promotion material in different languages.</td>
<td>Has not influenced the adaptation of the distribution channels.</td>
</tr>
</tbody>
</table>

*Table 2. The environmental influences on the marketing mix in China.*

Source: Own construction
6 CONCLUSIONS

In this chapter a summary of the conclusions of this study will be presented. An answer to the problem question and purpose will be given. To sum up, topics for further research will be suggested.

The purpose with this study has been to investigate how the environment in international markets has affected the adaptation of the marketing mix. The environmental influences have been delimited to the social/cultural, legal, economic, political and technological ones. The study has examined how a Getinge AB – a company that acts within the branch of medical equipment – has managed to adapt their marketing mix on the Chinese and the German market. The results have shown that the influence of the environment differs between the two markets – however, not dramatically. Different environmental factors are affecting the degree of adaptation on different markets. An important aspect that has been shown is that even though it is claimed that industrial products are less sensitive to environmental factors, than consumer products – the statement is too generalized. The results have shown that Getinge AB has been forced to adapt their products to the local conditions, to be able to penetrate desirable segments. The study also shows that adaptation of the products usually leads to adaptation of the other elements of the marketing mix as well. This especially concerns the price. The promotion and distribution channels are adapted to local conditions and situations.

The results of this study have shown that the environmental factors on the Chinese market have affected the adaptation of three elements of the marketing mix, namely product, price and promotion. The adaptation of the distribution channels on the Chinese market has only been affected by the social/cultural conditions; the other four factors have not influenced the adaptation. On the German market - on other hand - the product adaptation has only been influenced by the social/cultural, legal, economic and political conditions; but not the technological ones. Only the social/cultural, legal and economic conditions have affected the price adaptation; political and technological aspects have not influenced the adaptation on the German market. Further, the adaptation of the promotion has only been affected by the social/cultural and political conditions; legal, economic and technological conditions have not affected this element of the marketing mix. Finally the distribution channels on the German market have been affected by the social/cultural, legal and political conditions; economic and technological conditions have turned out to be inappreciably for the adaptation of the distributions channels on this market. Table 1 and table 2 in the previous chapter summarized the factors that have affected the different element of the marketing mix, and show how they have affected them.

According to this it can be stated that the elements of the marketing mix are deeply linked to each other. That means that when the environmental influences affect the level of adaptation of one element, it also affects the level of adaptation of the other elements of the marketing mix. In fact the environmental conditions affect the level of adaptation and determine the balance between standardization and adaptation of the marketing mix on the particular market.
Based on the findings of the study, it is safe to state that markets and especially customers are differentiated. Each person and each country are unique. That means that former experiences can not be directly applied from one situation to another. Instead it means that firms need to take the environmental conditions into consideration and find different ways when operating in different regions. The authors believe that firms must learn to find most efficient ways to balance their marketing mix between standardization and adaptation. The key word is to think globally and act locally.

6.1 FURTHER RESEARCH

Implication for further research on this subject could be to compare other firms within the same medical technical branch, in order to find out how they have standardized/adapted their marketing mix and to see how environmental influences in international markets have affected their adaptation of the marketing mix. Another suggestion for further research is to carry out the same research on an international company in a totally different branch to examine if there could be any essential differences between different branches. Further suggestion is to make the same research on an international company in the same branch or another branch, but to take the whole modern marketing mix of seven Ps into consideration. The intention would in that case be to observe both the chosen company’s way of standardizing or adapting their basic elements of the marketing mix, but also and the extended elements such as people, process and physical evidence, and see how the environmental influences in international markets has affected their standardization and adaptation.
REFERENCES


ARTICLES


Getinge AB - Annual report, 2007

INTERVIEWS

Harald Castler – Vice president of Sales and Services of Getinge AB. April 2008.
APPENDIX 1 – THE INTERVIEW GUIDE

ABOUT THE MARKETS

- The respondents position/title?
- The history of the company?
- When and why did you enter the German and the Chinese market?
- Products in general/products on the German and the Chinese market?
- Customers in the German and the Chinese market?
- Turnover in general/turnover on the German and the Chinese market?
- What essential changes have occurred in the German and the Chinese market over the time?

STANDARDIZATION VS. ADAPTATION OF THE PRODUCTS

- How do you handle the standardization/adaptation of the products on the German and the Chinese market?
- What factors are considered when taking decisions regarding the standardization/adaptation of the products?
- What changes are performed on the products?
- How do the market and environmental conditions affect the decision whether to standardize or adapt the products?

STANDARDIZATION VS. ADAPTATION OF THE PRICE

- How do you handle the standardization/adaptation of the price on the German and the Chinese market?
- What factors are considered when taking decisions regarding the standardization/adaptation of the price?
- What changes are performed on the price?
- How do the market and the conditions affect the decision whether to standardize or adapt the price?

STANDARDIZATION VS. ADAPTATION OF THE PROMOTION

- How do you handle the standardization/adaptation of the promotion on the German and the Chinese market?
- What factors are considered when taking decisions regarding the standardization/adaptation of the promotion?
- What changes are performed on the promotion?
- How do the market and the conditions affect the decision whether to standardize or adapt the promotion?

STANDARDIZATION VS. ADAPTATION OF THE DISTRIBUTION CHANNELS
- How do you handle the standardization/adaptation of the distribution channels on the German and the Chinese market?
- What factors are considered when taking decisions regarding the standardization/adaptation of the distribution channels?
- What changes are performed on the distribution channels?
- How do the market and the conditions affect the decision whether to standardize or adapt the distribution channels?
- Comments to add?
## APPENDIX 2 – THE COMPLEMENTARY INTERVIEW GUIDE

### PRODUCT

<table>
<thead>
<tr>
<th>Social / Cultural</th>
<th>CHINA</th>
<th>GERMANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does the local market affect the product adaptation? For example: language, valuations, habits and the materialistic culture.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Legal</th>
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<tr>
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<tr>
<th>Economic</th>
<th>CHINA</th>
<th>GERMANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does the customer purchasing behaviour, the country’s economy and currency influence the product adaptation?</td>
<td></td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Political</th>
<th>CHINA</th>
<th>GERMANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do authorities and/or other organizations in the specific country affect the product adaptation? Any restrictions?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technological</th>
<th>CHINA</th>
<th>GERMANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does the technological force influence the product adaptation? Is it possible to create more opportunities for the product adaptation thanks to the technology?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### PRICE

<table>
<thead>
<tr>
<th>Social / Cultural</th>
<th>CHINA</th>
<th>GERMANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>How does the local market affect the price adaptation? For example: language, valuations, habits and the materialistic culture.</td>
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</table>

### PROMOTION

<table>
<thead>
<tr>
<th>CHINA</th>
<th>GERMANY</th>
</tr>
</thead>
</table>
### Social / Cultural
How does the local market affect the adaptation of the promotion? For example; language, valuations, habits and the materialistic culture.

### Legal
How do local domestic/home domestic/international laws affect the adaptation of the promotion?

### Economic
How does the customer purchasing behaviour, the country’s economy and currency influence the adaptation of the promotion? Do you take these into consideration when adapting the promotion?

### Political
How do authorities and/or other organizations in the specific country affect the adaptation of the promotion? Any restrictions?

### Technological
How does the technological force influence the adaptation of the promotion? Is it possible to create more opportunities for the adaptation of the promotion thanks to the technology? For example Internet?

<table>
<thead>
<tr>
<th>DISTRIBUTION CHANNELS</th>
<th>CHINA</th>
<th>GERMANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social / Cultural</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How does the local market affect the adaptation of the distribution channel? For example; language, valuations, habits and the materialistic culture.</td>
<td></td>
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<td>Economic</td>
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<td>How does the customer purchasing behaviour, the country’s economy and currency influence the adaptation of the distribution channel? How do you adapt the distribution channel on the basis of these?</td>
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