

# MASTER'S THESIS

## Standardization versus Adaptation in The Gardening Industry

*Case Studies of Swedish Companies*

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## **Abstract**

The choice of adaptation versus standardization is very important, because it seriously affects the company's financial performance and competitiveness internationally. However, opinions concerning this issue vary widely, among both academics and practitioners. The purpose of this thesis is to gain a better understanding of how companies, within a specific industry, namely the gardening industry, adapt or standardize their products to foreign markets. The study was conducted using a qualitative research approach. Three case studies of Stiga, Jonsered and Husqvarna were conducted, focusing on a single product, namely lawnmowers, in connection to two foreign markets: the British and the French markets. The study shows that there are different factors influencing product adaptation. However, the most influential factors showed to be consumer tastes, habits, values and attitudes. The most important factors influencing product standardization are cost reduction, in terms of economies of scale, economies in R&D and economies in marketing.

## **Sammanfattning**

Valet mellan adaptering och standardisering är väldigt viktigt, eftersom det till hög grad påverkar företags finansiella förmåga, samt företags förmåga att konkurrera internationellt. Åsikterna om adaptering mot standardisering är tudelade, både bland akademiker och professionella. Syftet med denna uppsats är att få en ökad förståelse för hur företag, inom trädgårdsindustrin, adapterar eller standardiserar sina produkter till utländska marknader. Studien har genomförts med ett kvalitativt angreppssätt. Tre fallstudier av Stiga, Jonsered och Husqvarna har genomförts, med fokus på en specifik produkt, närmare bestämt gräsklippare med koppling till den Brittiska och den Franska marknaden. Fallstudierna visar att flera olika faktorer påverkar produktadaptering. Den faktor som visade sig påverka mest var konsumenternas smaker, vanor, värden och värderingar. Den viktigaste faktorn som påverkar produktstandardisering visade sig vara kostreducering, i form av massproduktion.

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# 1 Introduction

*The first chapter will give the reader a background to the topic investigated in this. The discussion is narrowed down to a specific research problem, as well as three research questions used to conduct this study. Finally, the chapter ends with a presentation of the outline of this thesis.*

## 1.1 Standardization and adaptation: a central point in international marketing

One of the most remarkable developments of the post-war period has been the emergence and growth of multinational corporations (MNCs), which at present account for more than one-third of the total world trade. Yet, a number of critical issues relating to the international marketing activities of these organizations still remain unresolved. Perhaps the most controversial concerns the fundamental question of whether to offer a marketing mix program abroad identical to that supplied domestically or adapt to the specific requirements of foreign markets. Obviously, the answer to this question is not an easy one, since it can have serious implications on the firm's financial performance, competitive advantage and even survival in global business. (Leonidou, 1996)

The fact that people do not value products in the same way becomes obvious when a product is sold internationally. The transaction between national borders makes it crucial to be aware of the difference between domestic and international marketing. When going international, the marketer is faced with new environmental factors than domestically and other conflicts may arise because of differences in culture, laws and societies. (Czinkota & Ronkainen, 2001)

The first question, after the internationalization decision has been made, concerns the product modifications that are needed or warranted. A firm has four basic alternatives in approaching international markets: 1) selling the product as is in the international marketplace, 2) modifying products for different countries and/or regions, 3) designing new products for foreign markets, and 4) incorporating all the differences into one product design and introducing a global product. Different approaches for implementing these alternatives exist. (Ibid)

The differences in language; distribution facilities; retail structure; topography; climate; regulations governing marketing, cultural features (color, taboos, history, political make-up, region, education) between countries are so great that pure, comprehensive standardization of marketing mixes is not feasible. Yet, according to van Mesdag (1999), the main characteristic of global marketing is the attempt to standardize all elements of the marketing mix as much as possible. (van Mesdag, 1999, p. 75)

The strong desire of business to maximize the benefits from standardization through globalization gives obvious advantages in form of capturing economies of scale; reduced unit cost of products/services; reduced working capital requirements (inventories; administration; logistics); reduced marketing expense (advertising; promotion; easier product quality maintenance and improvement; savings in research). (van Mesdag, 1999)

However, although product standardization is generally increasing, there are still substantial differences in company practices, depending on the products marketed and where they are marketed. See figure 1.1.

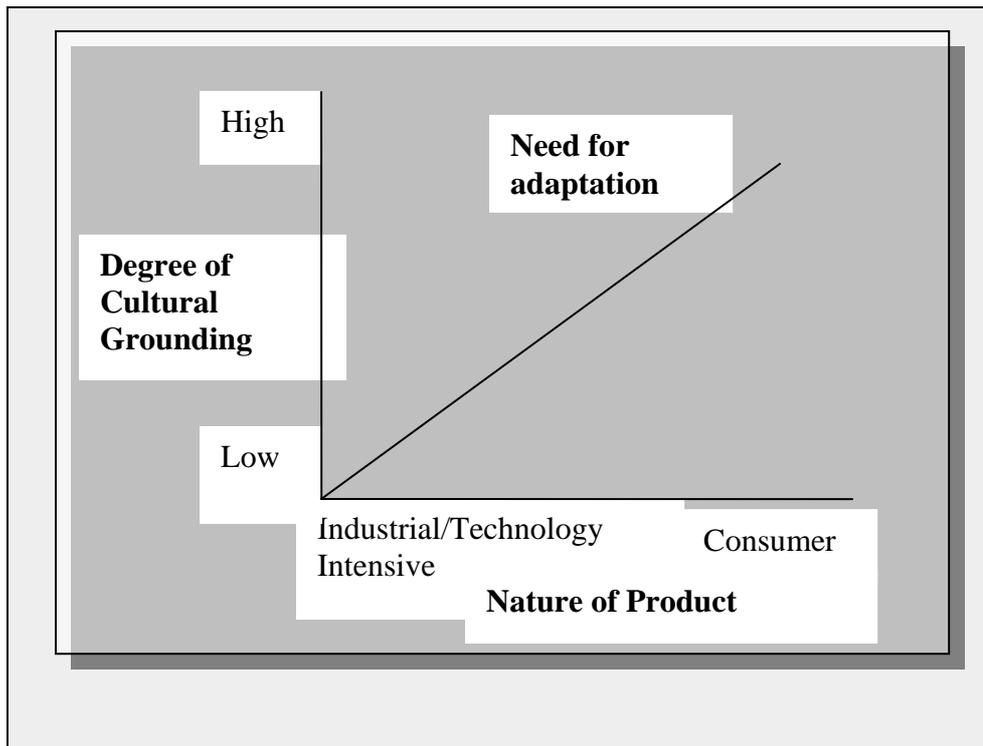


Figure 1.1: Strategic adaptation to foreign markets  
 Source: Adapted from Czinkota & Ronkainen (2001, p. 307)

As shown in figure 1.1, industrial products such as steel, chemicals, and agricultural equipment tend to be less culturally grounded and warrant less adjustment than consumer goods. Similarly, marketers in technology-intensive industries such as scientific instruments or medical equipment find universal acceptability for their products. Adaptation needs in the industrial sector may exist even though they may not be overt. Consumer goods generally require product adaptation because of their higher degree of cultural grounding. The amount of change introduced in consumer goods depends not only on cultural differences but also on economic conditions in the target market. Low incomes may cause pressure to simplify the product to make it affordable in the market. (Czinkota & Ronkaninen, 2001)

The first empirical investigations of the product standardization/adaptation issue were conducted in the early 1970s. (Leonidou, 1996) The bulk of research on the subject focused on multinational firms with their headquarters in the USA, probably reflecting the fact that the majority of researchers in the field were affiliated with research institutions or universities in this country. Surprisingly, only three studies incorporated European organizations in their sampling frames (Ozsomer, 1991; Szymanski, 1993; Ward, 1973), while Japanese multinationals were investigated by only one study (Shipchandler and Terpstra, 1989). To identify differences in standardization/adaptation decisions by product nature, most studies included both consumer and industrial goods manufacturers. Target markets for analysis were basically confined to the developed world (particularly Europe and the USA), while developing countries provided the focus of three studies. (Leonidou, 1996)

In investigating the level of standardization/adaptation, most studies have not treated the product in its generic form, but rather broken it down to its constituent parts. In fact, the analysis centred on the elements of the actual product, rather than the core or the augmented product (Kotler & Armstrong, 1996). Interestingly, the findings of these studies indicated that the degree of standardization/adaptation tends to vary in accordance with the specific product element. Specifically, the product area receiving most changes in overseas markets, was that of relating to product characteristics, namely design, quality, and features (Baalbaki & Malhotra, 1995; Hill & Still, 1984; Sorenson & Wiechmann, 1975; Ward, 1973). Packaging was the second area most frequently subject to alterations (Hill & Still, 1984; Sorenson & Wiechmann, 1975; Ward, 1973), followed by labelling (Hill & Still, 1984; Ward 1973). In relation to this, some studies concluded that multinational firms tend to adapt those product dimensions that involve minimal costs and are easier to make, aiming to maintain price competitiveness and market share overseas (Kacker, 1972; Ward, 1973).

Almost all studies have tried to identify and assess the importance of factors affecting the product standardization/adaptation decision; relating essentially to the environmental conditions prevailing in foreign markets. The most frequent and influential reason reported for adapting product strategy abroad was the existence of variations in customer needs and preferences across countries (Hill & Still, 1984; Ozsomer *et al.*, 1991; Sorenson & Wiechmann, 1975; Ward, 1973), as well as government rules and regulations and technical requirements relating to products (Baalbaki & Malhotra, 1995; Boddewyn *et al.*, 1986; Kacker, 1972; Shipchandler & Terpstra, 1989). Notably, some researchers point to the fact that different environmental forces have different effects on various product aspects. For instance, it was found that climatic and economic factors mainly had a greater impact on packaging (Kacker, 1972), while foreign laws primarily affected product standards, features and performance (Baalbaki & Malhotra, 1995).

## **1.2 Problem discussion**

Opinions concerning adaptation versus standardization vary widely, among both academics and practitioners. Proponents of the standardization approach argue that in light of the accelerating internationalization of world economies and the parallel increase in competition on a global scale, due mainly to technological advancements, improved living standards, trade liberalization and economic integration, the key to success lies in the development of universal marketing mix strategies. On the other hand, supporters of the adaptation philosophy state that, due to the inherent complexities and dissimilarities involved in operating in the international marketplace, particularly as regards macro-environmental forces, consumer behavior, usage patterns and competitive situations, it is more viable to have a marketing program tailored to the individual needs of each overseas market. (Leonidou, 1996)

The strategic choice of adaptation versus standardization is a very important one because it seriously affects the company's financial performance and competitiveness. (Ibid)

Researchers have concluded that the ideal standardized global strategy should include at least minimal local adjustments with consideration for local factors such as consumer characteristics, culture, distribution, regulation, and urbanization. Furthermore, factors that influence the degree of adaptation have been identified such as consumer characteristics and use patterns, cultural characteristics, distribution institutions, local government regulation and the level of local market urbanization. (Johnson & Arunthanes, 1995)

Some firms imbed the adaptation issue in their product development strategy. They develop global products that serve the world market rather than individual cultures. Other firms focus on commonalities across multiple markets. These firms adopt a proactive stance and view demand in global terms by deliberately carving out international market segments and create standardized products to satisfy the target's needs. Still, other firms address standardization-adaptation decisions incrementally as they encounter various situations. In taking this reactive stance, firms discover problems on an ongoing basis and react by adapting the product. For these firms, product adaptation includes either minor adjustments or significant modifications in: measurement units, sizes, brand name, labeling and usage instructions, packaging, product features, chemical constituents, quality level, styling, characteristics (operating conditions, use, repair needs, etc.). Still, other firms respond to the adaptation issue by choosing not to respond. These firms simply extend the current domestic product to export markets. (Ibid)

The strategic importance of the standardization/adaptation decision has attracted a great deal of interest from researchers and, since the early 1960s, numerous articles have been published on the subject. However, there is some evidence indicating that this stream of research is incomplete, unbalanced and immature: first, most studies have been more conceptual than empirical in nature, thus creating a gap between academic theorizing and corporate practice (Kustin, 1993); second, the bulk of the research has concentrated essentially on advertising, with the other elements of the marketing and promotion mix receiving less attention; third, the primary focus of researchers in the field was on the practices of Western multinational firms, while companies originating from other countries were virtually neglected; and fourth, the analysis usually centered on operations in developed markets of the world, with limited attention paid to emerging economies. Consequently, there is a need for a more empirical and practical type of research that will facilitate theory-building on the subject. (Leonidou, 1996)

Preliminary investigation by the authors revealed that an industry which is widely internationalized with diverse products and not has been tested for adaptation and standardization of products, is the gardening industry. We decided to focus on this particular industry.

From this background and problem discussion presented above, the following overall purpose for this thesis emerges.

### **1.3 Purpose**

*The purpose of this thesis is to gain a better understanding of how companies, within the gardening industry, adapt or standardize their products for foreign markets.*

### **Research Questions**

In order to reach our purpose, we have constructed the following research questions:

1. How can the factors influencing adaptation in the gardening industry be described?
2. How can the factors influencing standardization in the gardening industry be described?
3. How can the various elements of a product in the gardening industry, which are subject to adaptation or standardization, be described?

### **Delimitations**

Due to the limited time and the vastness of the area, we have chosen to limit our study to a specific product within the gardening industry, namely lawnmowers. Furthermore, pre-interviews with product managers within the companies in this industry has showed that there are differences between the British and the French markets, concerning the demand for lawnmowers, and that it would be interesting to investigate and compare these markets.

## 1.4 Outline of the study

Figure 1.2 shows the outline of this thesis. The disposition and the content of each chapter is also briefly presented.

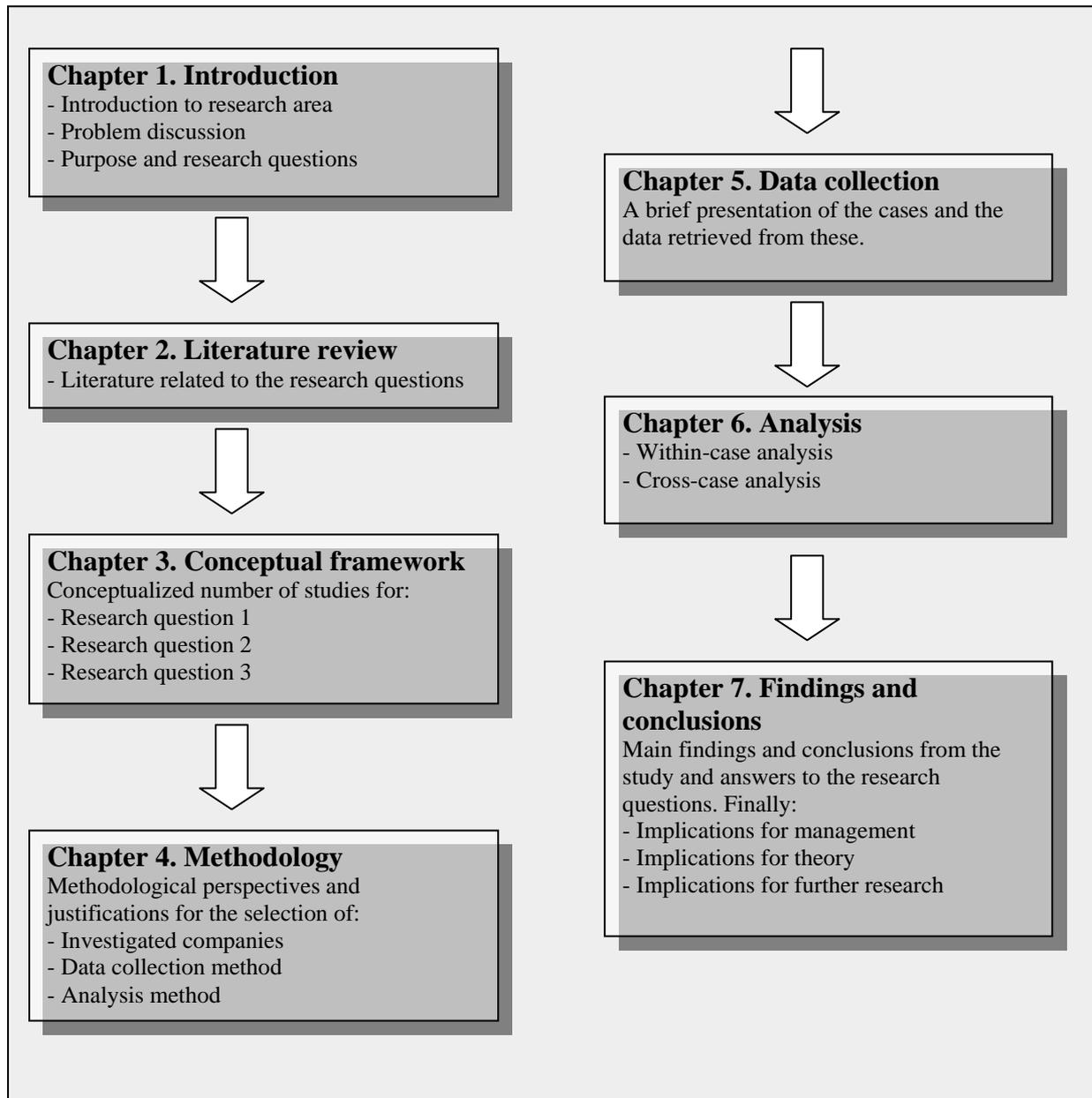


Figure 1.2: Thesis Outline

## 2 Literature Review

*The previous chapter provided the background and the problem discussion of the area of this study, leading down to the specific research questions. In this chapter, literature related to the research questions will be reviewed. Available theories that are relevant to the three research questions will be presented. This review will help us to arrive at a conceptual framework which is needed for our data collection.*

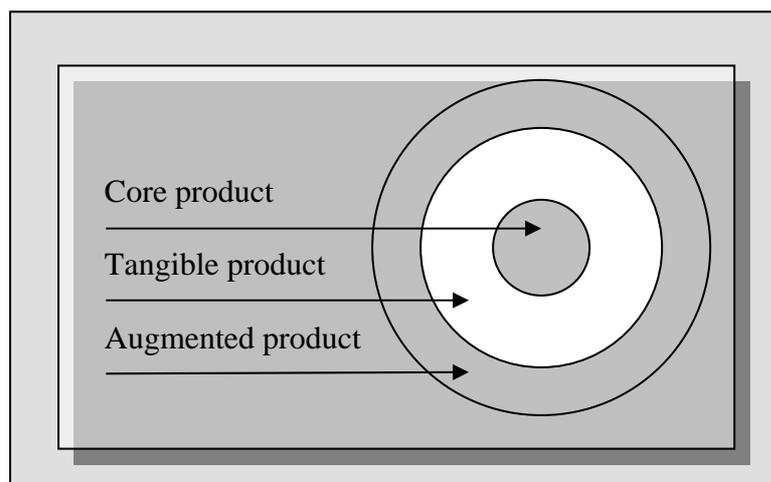
### 2.1 The product

The product is at the heart of the marketing exchange. If a product does not live up to the requirements by the customer or if it does not deliver the expected benefits that have been signaled by the marketing mix, then all the efforts have been in vain. The product is an ultimate test of whether the organization has understood its customer's needs. Questions about what makes a product and the customer's perception of the product, clearly needs to be understood by the marketer. There must be an awareness of this, to be able to make strategic decisions about the development and management of product offerings. (Brassington & Pettitt, 2000)

A product is defined by Brassington and Pettitt (2000), as:

*“a physical good, service, idea, person or place that is capable of offering tangible and intangible attributes that individuals or organizations regard as so necessary, worthwhile or satisfying that they are prepared to exchange money, patronage or some other unit of value in order to acquire it”*

Czinkota and Ronkainen (2001), further states that a product or a service can be defined as a complex combination of tangible and intangible elements that distinguishes it from the other entities in the marketplace. The authors use the following figure to describe this:



*Figure 2.1: Elements of a product*

Source: Adapted from Czinkota & Ronkainen (2001, p. 305)

*The core product* includes the fundamental features of the product, such as a component in a personal computer for example. The core product may not differ that much in characteristics from what competitors are offering. *The tangible product* and the *augmented product* has more to do with differentiating the offer from others. Tangible features can include packaging or quality of the product and augmented features involve services connected to the product, such as warranty or installation. Hence, the success of a product does not only depend on the quality of the actual product; the core product. A product has to be differentiated from other offerings and competitors and at the same time be able to attract customers that demand other elements of the product. (Ibid)

## **2.2 Individual product decisions**

Individual product decisions include decisions concerning product attributes, branding, packaging, labelling and product-support services. These decisions are particularly important as they greatly affect the performance of individual products. (Kotler, 1996)

### *2.2.1 Product attribute decisions*

Kotler (1996) suggests that there are three directions to carry out changes regarding product attribute decisions, namely; product quality, product features and product design. Product quality stands for the ability of a product to perform its functions. It inclines the product's overall durability, reliability, precision and ease of operation. Quality has two dimensions; level and consistency. In order to create a high quality product, a company must first choose a high quality level and then strive for a high level of quality consistency. Product features include all features of a product and is one of the main tools for differentiation. Product design is another tool that can be used in order to gain a competitive advantage. A good design contributes to a product's usefulness as well as its looks. (Ibid)

### *2.2.2 Brand decisions*

The brand name has an important impact on sales. Providing status, a brand name can command a price premium, creating a competitive advantage against low-priced competitors. Different versions of the same product with different brand names can also be offered to different segments in order to fulfil the needs of a larger portion of the market. (Kotler, 1996) According to Dahringer and Muhbacher (1991), there are three options concerning international branding;

1. To develop a local brand (one to a given national market), which is more appropriate when a market analyst indicates that cultural, linguistic, legal differences between national markets are much greater than the similarities
2. To develop regional brands (that are used in more than one national market), which results in high returns due to improved coordination and control
3. To create a global brand used in all national markets the company serves. The greatest economies of scale and experience curve effects can be realised through the use of global brands, but they are not necessarily the best choice for every product. (Dahringer & Muhbacher, 1991)

### *2.2.3 Packaging decisions*

Packaging includes the activities of designing and producing the container or wrapper for a product (Kotler, 1996). Bennett (1998) suggests that packaging is important for international marketing for two reasons; packaging is a primary tool to protect the product and recently packaging is viewed as a key element of brand development. A distinctive package helps the consumer to identify a brand. Specific elements of the packaging, such as size, shape, materials, colors, text and brand mark must work together to support the product's position and marketing strategy. (Bennett, 1998)

### *2.2.4 Labelling decisions*

Labelling is an important part of the product, especially for consumer goods (Dahringer & Muhbacher, 1991). Labels may range from a simple tags attached to products to complex graphics that are part of the package. The functions performed by labels are to identify the product or name, grade or describe different things about the product. For example, who made it, where and when it was made, its contents, how it is to be used and how to use it safely. Finally, the label might promote the product through attractive graphics. Due to the fact that labels can mislead customers, fail to describe important ingredients or fail to include needed safety warnings, many countries have laws to regulate labelling. (Kotler, 1996)

### *2.2.5 Product-support service decisions*

Customer services augment actual products, helping the company to keep the goodwill of existing customers, to charge more, grow faster and make more profits. Given the importance of customer service as a marketing tool, many companies have set up strong service departments to handle complaints and adjustments, credit service, technical service and consumer information. An active customer service department coordinates all the services of a company, creates consumer satisfaction and loyalty and helps the company to further strengthen its competitive edge. (Ibid)

## **2.3 Performance**

A lot of emphasis is put on the economic payoff from global strategies. The pursuit of global standardization is generally considered to be appropriate only to the extent to which it has a positive influence on financial performance. The effects of product adaptation on financial performance is still unclear. Some evidence suggests a positive relationship between performance and adapted programmes, while other evidence suggests no such relationship. For example, research has found that product adaptation affects financial performance negatively. The objective of standardization is cost and price reduction through economies of scale. Profitability, however, may suffer because standardization hinders sales volume and incurs other barriers. Their evidence verified the lack of a relationship. (Johnson & Arunthanes, 1995)

Research has been done on what motivates an adaptation decision. If an adaptation is a result of a respond to different environmental demands, then higher levels of performance outcomes would be expected as a result of the adaptation. It has been found that adaptation has performance implications in firms and that the tendency to adapt over time is positively associated with increasing performance. Moreover, investigations has supported that firms using adaptation strategies and adopt more over time, are showing higher levels of

performance than firms who do not place as much emphasis on adaptation. (Shindehutte & Morris, 2001)

Previous research shows a correlation between a firm's adaptation strategy and the performance outcome. It has also been found that adaptation is associated with performance. Companies with greater adaptive capacity reported higher sales revenue and firms that demonstrated a higher level of adaptation were more profitable. (Shindehutte & Morris, 2001)

Similarly, Chang (1995), also shows a positive relationship between a firm's ability to adapt and its performance. Specifically, Chang (1996) suggests that there is a relation between a firm's adaptive abilities in the areas of technology, marketing and finance and performance. (Chang, 1995)

In the context of adaptation decisions, viewing performance in terms of only profitability may be over simplistic. Product adaptation also affects other critical dimensions of performance. Adaptation by exporting firms will affect market share and sales growth even though it has no impact on profit. For example, products adapted for the Japanese market had higher market shares than products that were not. As another example, in early attempts to develop world export markets, Japanese automobiles, earth moving equipment and consumer electronics companies adapted their products extensively thereby fitting the needs of customers in different countries. Although these products experienced impressive sales growth and market shares, the profit returns, at the time, were minute. Johnson and Arunthanes (1995) suggests that the level of actual product adaptation does not significantly affect profit. However, the level of product adaptation positively affects market share and sales growth. (Johnson & Arunthanes, 1995)

## **2.4 Standardization versus adaptation: Previous empirical research**

Empirical research on the product standardization versus adaptation debate has been relatively meager, denoting that company practices preceded academic research. Though the subject has not been researched extensively, an examination of the extant writings leads to a number of conclusions relating to target population and markets, degree of product adaptation, product elements adapted, variations in adaptation strategy and factors affecting product alterations. (Leonidou, 1996)

As opposed to theoreticians on the product standardization/adaptation debate, empirical researchers justifiably argue that instead of viewing product strategy as an either/or proposition, it would be more appropriate to examine the range of options, which vary from full standardization to complete adaptation. The overall picture given by empirical studies in the field is that most multinational companies offer products to overseas markets that are fairly standardized, and that in those cases where adaptations were made, these were of an obligatory nature in the sense that the management was unable to avoid them, while discretionary adaptations, that is those that the company chooses to make itself, were generally minimal. In fact, this pattern has remained more or less the same since the early 1970s, while some researchers claimed an increasing tendency for product standardization over time. In those studies in which comparisons could be made among multinationals from different countries, with a few exceptions, no significant variations in product standardization/adaptation decisions were reported. (Leonidou, 1996)

### *2.4.1 Previous research regarding product elements subject to alternatives*

In investigating the level of standardization/adaptation, most studies did not treat the product in its generic form, but rather broke it down to its constituent parts. In fact, the analysis centered on the elements of the actual product, rather than the core or the augmented product. Interestingly, the findings of these studies indicated that the degree of standardization/adaptation tends to vary in accordance with the specific product element. Specifically, the product area receiving most changes in overseas markets was that relating to product characteristics, namely design, quality, and features. Packaging was the second area most frequently subject to alterations, followed by labeling. In relation to this, some studies concluded that multinational firms tend to adapt those product dimensions that involve minimal costs and are easier to make, aiming to maintain price competitiveness and market share overseas. (Leonidou, 1996)

#### *2.4.2 Previous research regarding variations in adaptation strategy*

Researchers have tried to associate product standardization/adaptation practices with various industrial and organizational parameters pertaining to multinational firms. Studies that aimed to identify variations between producers of industrial and consumer goods, have shown that the former were more standardized than the latter. Other studies claimed that product standardization was more applicable to industries with a high rate of technological change, such as the microchip industry. Moreover, other studies tried to link the standardization/adaptation decision with the product life-cycle concept, with one reporting variations in adaptation levels across different stages. Finally, another study investigated the relationship between product standardization and financial performance and found no significant results. (Leonidou, 1996)

#### *2.4.3 Previous research regarding Influences on product adaptations*

A lot of studies (Hill & Still, 1984; Shipchandler & Terpstra, 1989; Ozsomer et al., 1991) have tried to identify and assess the importance of factors affecting the product standardization/adaptation decision; these relating essentially to the environmental conditions prevailing in foreign markets. The most frequent and influential reason reported for adapting product strategy abroad was the existence of variations in customer needs and preferences across countries, as well as government rules and regulations and technical requirements relating to products. Notably, some researchers pointed to the fact that different environmental forces have a different effect on various product aspects. For instance, it was found that climatic and economic factors mainly had a greater impact on packaging, while foreign laws primarily affected product standards, features and performance. (Leonidou, 1996)

## 2.5 Product Adaptability

McKee and Konell (1993), argues for the importance of the product's ability to adapt: its adaptability. The authors suggest two underlying dimensions to assess product adaptability: product domain (single vs. multiple product variations) and performance criteria (internal vs. external). The distinction between single and multiple product variations is fundamental because single product organizations often differs from the multiple product organizations in coordination and controlling problems. Single product organizations tend to more responsive and better maneuver competition. Furthermore, the distinction between internal and external performance is important to evaluate the effectiveness of a firm. Internal performance relates to cost efficiency and external relates to market demand, legalization and social acceptability. This leads to an identification of the following four different dimensions of product adaptability:

- Modifiability (the efficiency with which an organization can change research and development, production, or other product-related systems)
- Compatibility (the efficiency with which an organization can change its product mix).
- Acceptability (the market approval and reception of a product).
- Leveragability (the linkage of a product with others in the product mix through common brand names, promotion, and presentation). (McKee and Konell, 1993)

These can be further examined in the following matrix (see fig 2.2)

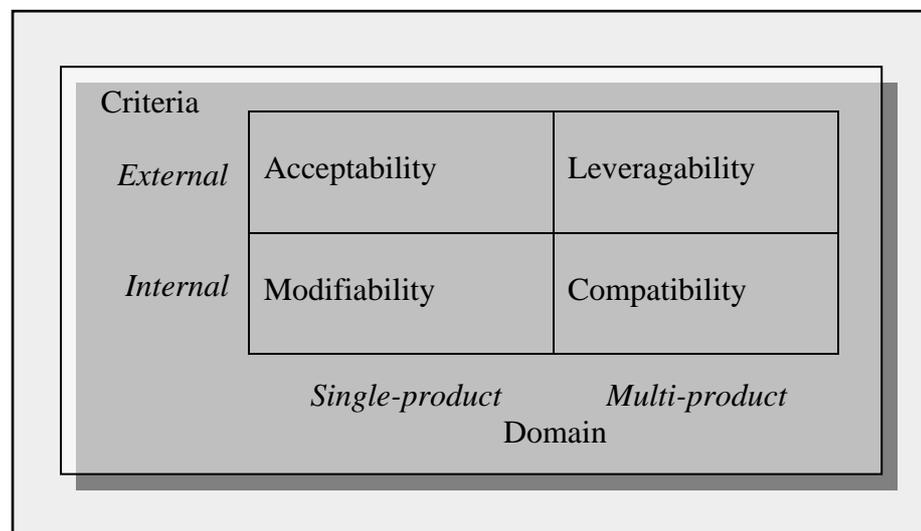


Figure 2.2: Adaptability dimensions

Source: Adapted from McKee and Konell (1993, p. 34)

### *2.5.1 Adaptation as a strategic tool*

Proponents of using adaptation as a strategic tool mean that modifications concerning the adaptation can be divided into compulsory and voluntary modifications. The compulsory modifications are determined either by legislative or regulatory intervention by the host country government, or by non-controllable realities of the market. Different voltage measurement standards in different countries are examples of this. The voluntary modifications are more controlled by and depending on decisions by the international marketer. Examples of these decisions are modifications concerning price, packaging, product positioning, promotion and distribution. These decisions are said to be guided by the historical usage, local customs and local use characteristics. (Friedmann, 2001)

## **2.6 Factors influencing product adaptation**

### *2.6.1 Physical factors*

The physical factors include differences in natural conditions, climate and territorial size. Research has shown that the physical parameters have a relatively strong influence on both the internal characteristics and packaging aspects of products. (Leonidou, 1996) Furthermore, Bennett (1998) suggests that other physical factors include living conditions, compatibility with locally produced items, infrastructure, the uses to which the item might be put in different markets and consumer care facilities. (Bennett, 1998)

### *2.6.2 Demographic factors*

The demographic factors include differences in population size/growth, household size and population structure. The demographic factor that has the greatest influence on the product adaptation in a certain country is the population size/growth. Population size and structure have a greater impact in modifications to the external/internal product characteristics and labeling. Household size has a greater effect on packaging decisions. (Leonidou, 1996) Literacy can also be included in the demographic factors. (Bennett, 1998)

### *2.6.3 Socio-cultural factors*

Socio-cultural factors include language, tastes and habits, education, aesthetics, values and attitudes and religion. The most influential socio-cultural factor, concerning labeling adaptation, has shown to be language. Furthermore, overall, religion can be said to have the least impact on product adaptations. (Leonidou, 1996) Furthermore, end-user differences in preferences and tastes involve differences in the level of product desires or liking between the two markets. If export market and domestic customers differ in their preferences and tastes for the product, then product adaptation bridges those differences. The adapted product offers increased benefits to meet with preferences. For example, the Japanese desire beautiful packaging, which has led exports to offer modified cartons and packages specifically for this market. Also, because personal liking and desire plays a larger role in consumer purchases, these effects will be greater for consumer products. Differences in end-user preferences and tastes between the domestic and export markets positively affect the actual product adaptation: (Johnson & Arunthanes, 1995)

*Cultural differences:* Culture is seen as a crucial variable in adaptation decisions and is highly present in international marketing literature. Culture is said to be the primary determinant of consumer needs and wants. To deal with cultural issues marketers have historically used concepts such as market segmentation and product positioning. (Friedmann, 2001)

Cultural value differences can result in different evaluation of product attributes and different appeals for products. Thus, differences between domestic and export market cultures significantly influence product adaptation. Cultural differences between the domestic and export market positively affect the actual product adaptation (Johnson & Arunthanes, 1995)

#### *2.6.4 Economic factors*

Economic factors include disposable income, infrastructure facilities and economic situation. Overall, studies have shown that economic factors have had moderate to low impact on product adaptations. (Leonidou, 1996)

*Marketing infrastructure:* This consists of the systems and institutions necessary to develop and service demand in a market, including the availability and capabilities of intermediaries and of warehousing and transportation. In export markets with a developed marketing infrastructure, standardized products can be offered. Conversely, in the absence of a developed marketing infrastructure, products must be adapted to sell and perform within infrastructure constraints. Thus, differences between domestic and export marketing infrastructures necessitate product adaptation. For example, unavailability of local servicing capabilities forced manufacturers to offer an adapted (simplified) farm tractor in Mexico. The considerable diffusion of consumer markets makes infrastructure deficiencies even more of a problem. Differences in marketing infrastructure between domestic and export markets positively affect the actual product adaptation. (Johnson & Arunthanes, 1995)

*Export market lag:* This addresses differences between the product's life cycle in two markets. A product in the mature stage in the domestic market and in the introduction stage in an export market signifies a large market. New and unfamiliar products in export markets may present a challenge and meet with resistance. This resistance may be overcome or minimized by modifying the product. A high degree of adaptation may be required for export market acceptance. For example, when the "swinger" camera, a successful product in the maturity stage domestically, was introduced to the French market where instant cameras were in the introductory stage of their life cycle, it met with resistance. Export market lag can present a problem for consumer products because consumers are can be irrational and subjective in their purchase behavior. Differences in market lag between the domestic and export markets positively affect the actual product adaptation. (Johnson & Arunthanes, 1995)

*Competitive intensity in the export market:* This denotes the degree of rivalry between competitors, whether indigenous or foreign, in the export market. Intense competition may compel firms to engage in extensive product adaptation to gain competitive advantage. Conversely, with less competition, product adaptation may be unnecessary. More intense competition characterizes consumer markets because of the multitude of products offered and because consumers are often more fickle than industrial buyers. In addition, consumer markets are more diffused with spot market characteristics which exaggerate the effects of competitive intensity. The intensity of competition in the export market positively affects the actual product adaptation. (Johnson & Arunthanes, 1995)

### 2.6.5 Political-legal factors

Political-legal factors include technical standards, measurement units, legal restrictions, government controls and taxation policies. Of the political-legal factors studies have shown that the technical standards had the largest impact on internal features of the product. Furthermore, government controls has shown to be the least influential factor concerning the adaptation of branding. (Leonidou, 1996)

*Government regulation:* Differences in government regulations, perceptions of differences between foreign and domestic import laws, address such issues as content, product standards, labeling and packaging. Because governments seek to protect their citizens, import regulations aim to ensure the safety of foreign products, to prevent the dumping of inferior quality goods by exploitive foreign marketers, and to ensure adequate levels of information about foreign products. In addition, import regulation affects both industrial and consumer products in that it constitutes non-tariff barriers. However, because relative to industrial markets consumer markets are more visible and more vulnerable, governments impose excessive regulation to discourage foreign competition. For example, after dissention over the material content, the Japanese government permitted foreign-made aluminum baseball bats in Japan. However, the government quickly introduced new safety standards calling for another material not available in the foreign product. Other evidence confirms this. Differences in government regulation between the domestic and export markets positively affect the actual product adaptation. (Johnson & Arunthanes, 1995)

Government regulation is the strongest driver of the product adaptation. It positively influences the actual adaptation, to a greater extent for consumer than industrial products. Marketing infrastructure differences positively influenced actual adaptation with greater effects for consumer than industrial products. Other important findings centred on market lag. However findings suggest that market lag is associated more strongly with adaptation of industrial rather than consumer products. This may be attributed to the role of technology, and the amount of technological change in industrial products. Given the pervasiveness of cultural effects on marketing, cultural differences can be expected to influence product adaptation substantially. Cultural differences also have a greater effect for consumer products than for industrial products. (Johnson & Arunthanes, 1995)

## 2.7 Product standardization

Standardization has been defined by Medina and Duffy (1998), as: *The process of extending and effectively applying domestic target-market-dictated product standards-tangible and/or intangible attributes-to markets in foreign environments.*

The world markets are converging as markets and consumers become more similar at an accelerated pace. These increasing similarities drive firms to standardize to achieve economies of scale in production, distribution, logistics, promotion, advertising and R&D. (Aviv, 1999)

Jayashankar (2001) suggests four types of standardization approaches used by firms: part standardization, process standardization, product standardization and procurement standardization. The approach chosen depends on the firm's ability to modularize its products and processes.

- *Part standardization* is the most well known approach. It uses commonality in components or subsystems of the product. By this, due to economies of scale, the firm can reduce costs by smaller inventories, fewer parts and improved predictability of the requirements of components.
- *Process standardization* delays and postpones the customization until as late as possible in the process. This allows the firm to store inventory in semi-finished form. When the demand is known, the final customization can be made, according to the requirements. This makes the control and managing of demand more efficient. One example of process standardization can be seen in the car industry. Platforms are manufactured that allow several different models to be produced.
- *Product standardization* offers a large variety of end products but stocks only a few of them in inventory. The advertised availability of products is thus far greater than actual availability on average. This approach reduces the negative impact of customization related to product proliferation both in terms of reduced costs for managing existing products as well as reducing the number of product design changes over the life cycle.
- *Procurement standardization* is about commonality in part and equipment purchasing. When several different products offered by a firm are using similar equipment or components in the manufacturing, equipment and parts can be purchased accordingly. This generates a utilization of production resources and reduced raw material or component inventories.

The ability for a firm to use these standardization approaches depends in part on the degree to which it can modularize its products and processes. (Jayashankar, 2001)

## **2.8 Factors influencing product standardization**

Multinational companies tend to standardize their core and augmented products when developing their international product strategy, whereas they tend to adapt their actual product to requirements of every particular foreign market. This means that they offer the same core benefits for customers all over the world. International companies prefer to adopt aspects of the actual product such as brand name, packaging, quality, styling and product features for local customers in the particular foreign market. (Czinkota & Ronkainen, 2001)

Leonidou (1996) suggests that due to the accelerating internationalization of world economies and parallel increase in competition on a global scale, technological advancements, improved living standards, trade liberalization and economic integration the key to success lies in the development of universal marketing mix strategies. Further incentives of standardization include attractive cost savings in terms economies of scale in production, R&D and marketing and it also allows tighter management control on overseas subsidiaries, particularly in organizations with centralized structures. (Leonidou, 1996)

The factors encouraging standardization of products, mentioned above, can be summarized as:

- An accelerating internationalization of world economies and parallel competition on a global scale
- Technological advancements
- Improved living standards
- Trade liberalization
- Economic integration
- Economies of scale in production
- Economies in R&D
- Economies in marketing
- Tighter management control on overseas subsidiaries (Ibid)

Susan (1996) suggests additional arguments in favour of global standardization;

- Consumers' needs and interests are becoming increasingly homogenous worldwide
- People around the world are willing to sacrifice product features, functions and design for high quality and low prices
- Substantial economies of scale in production and marketing can be achieved through supplying global markets. (Ibid)

Dahringer and Muhbacher (1991), state that there are several factors influencing decisions whether to standardize a product across borders or not. These factors can be classified as one of the following; market characteristics, external environment, the corporate environment and financial factors and the product. (Dahringer & Muhbacher, 1996)

### *2.8.1 Market characteristics*

The degree of perceived similarity among markets affects a firm's perception of the degree of risk associated with strategic decisions. Markets that are similar are more likely to be entered successfully using a standardized campaign. Furthermore, the degree of urbanization may vary from one country to another, and a marketing product campaign that was developed for a highly urbanized market might not be able to reach enough potential customers in a more rural country. (Ibid)

### *2.8.2 External environment*

Economic and political/legal forces continually interact both within and between nations and significantly influence the implementation of international product policy. The degree of economic development of a foreign market significantly influences the ability of the international firm to enter it with a standardized product. The political/legal aspect includes issues such as, if a product is politically sensitive in a particular national market, a modified product is called for. On the other hand, products that are less politically sensitive can be relatively standardized. Furthermore, the legal environment includes such factors as tariffs/taxes and other barriers to trade. The higher those barriers are, the more difficult it is to launch identical marketing strategies in new markets. Another key aspect is patent and trademark protection. In countries that do not offer such kind of protection of a company may be unable to operate under its standard brand or name of products. (Ibid)

The social cultural factors include a wide variety of patterns of living. They play a major role in determining what can and what cannot be done in a given market. In countries with fairly similar cultural and social factors, standardized products might be viable. Furthermore, the variation of geographical and climate conditions may make it necessary to adapt products to different markets. (Ibid)

### *2.8.3 Corporate environment and financial factors*

The attitude of corporate management has a strong influence on the success of a global strategy. A high degree of flexibility and acceptance of change may result in individualisation of product strategies. In contrast, lack of flexibility tends to result in standardization. Furthermore, if R&D costs are low, an adapted product strategy may be appropriate. Price may also affect the decision whether to standardize or adapt products; when potential buyers are willing to give up adapted products in exchange for a standardized product with a lower price, a standardized approach is more likely to be succeeded. Moreover, a standardized strategy normally requires a larger capital investment for large-scale production facilities and marketing. On the other hand, an adapted strategy allows the firm to enter smaller markets using already existing, often less expensive, facilities and procedures for both production and marketing. (Ibid)

### *2.8.4 Product*

The significance of what stage a product is in the product life cycle also affects the decision whether to standardize or adapt the product. In order for a standardized campaign to be successful, the product should be in the same life cycle stage in all of the markets involved. Otherwise, difference between stages in such factors as degree and type of competition, rate growth in sales, the most effective form of promotion, the most desirable distribution strategy, pricing and the nature of the product itself will prevent a standardized approach from being successful. (Ibid)

## **2.9 Product dimensions subject to alterations**

The concept of not just looking at the product as one single object has for several decades been discussed. It has been stated that a product itself is not only the output of the production, but also includes other dimensions that the customer value. Levitt (1969) referred by Payne and Holt (2001) name this; the augmented product. The augmented product deals with other issues around the product such as packaging, service, customer advices and delivery arrangements. Elements of the product have later come to also include a generic, expected and potential product. The research in this field has led to a significant impact on the thinking of marketing and has contributed that additional elements other than the product itself are adding value and must meet the value expectations of the customer. Understanding what these expectations are will be crucial in value determination. (Payne & Holt, 2001)

A product can be adapted to a foreign market in many different ways. There are different product dimensions or product areas that can be exposed to alterations. (Leonidou, 1996) The dimensions presented in basic marketing literature, the core product, the tangible product and the augmented product can be altered depending on the culture and the amount of adaptation (Czinkota & Ronkainen, 2001). Leonidou (1996) suggests that the following areas should be investigated; external characteristics, internal features, packaging, labeling and branding. (Leonidou, 1996)

The external characteristics contain features such as design, style, quality and dimensions. The internal features include dimensions such as ingredients/parts, construction method, technical specifications and operating system. The packaging dimension includes features such as appearance, size, color and type. The branding area features name, language, trademark and positioning. (Leonidou, 1996)

Studies of the dimensions most commonly subjected to alterations of consumer goods have revealed several interesting findings; label symbols exhibited a very high differentiation, not only among labeling parameters, but also among all other aspects of the product. Furthermore, alterations made to the label text, such as information on ingredients, production/expiry dates, manufacturing origin and changes in the language written and instructions for use also have a high differentiation. As regards internal features, technical specifications were adapted most extensively, although the degree of modification maws moderate; the way the product was constructed and its system of operation were only slightly differentiated. External characteristics of the product, that is design, style and quality, were minimally adapted. Only size dimensions received slightly more adjustments. Overall, the packaging of products was subjected to moderate changes, with the type of construction being the one most exposed to alterations. Finally, among the brand dimensions examined, the language in which the brand was expressed attracted most adaptations, although this was relatively moderate. The brand name of the product was to a large extent unaltered as were the symbols incorporated in the trademark. As far as brand positioning is concerned, this remained unchanged. (Leonidou, 1996)

### 3 Conceptual framework

In this chapter the conceptual framework will be presented. Based on the literature review in chapter two, we have conceptualized a number of studies that we will use when designing the interview guide and to gather data. Since we have collected and studied several theories within the same theoretical area, we have selected the ones that provide the best framework for our study.

The following frame of reference shows our selection of the concept and theories most suitable for our study.

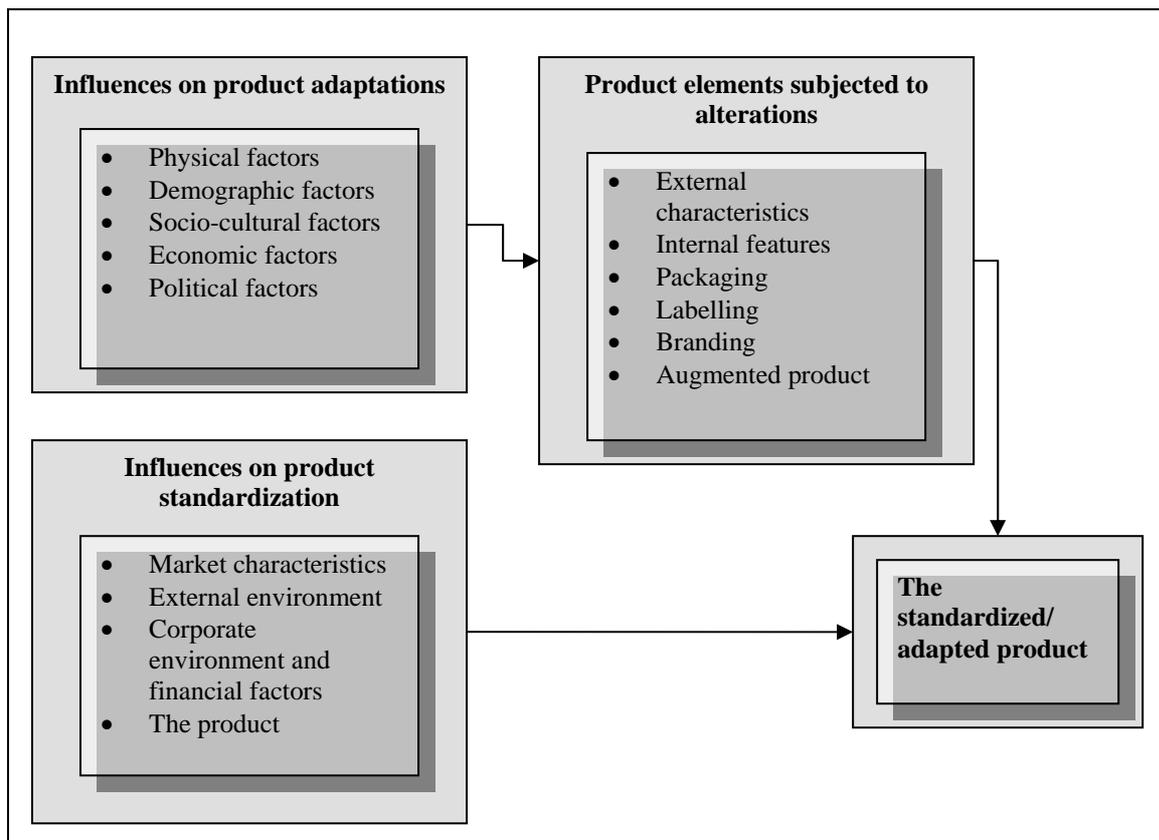


Figure 3.1: Conceptual framework, Author's construct

#### 3.1 Factors influencing product adaptation

For answering the first research question we have chosen the following studies:

Leonidou's (1996) *Influences on product adaptations* because it provides a covering framework of the factors that may influence a product adaptation decision. Furthermore, Johnson and Arunthanes' (1995) and Bennett's theories concerning the same area have been included to add depth to Leonidou's model.

Physical factors (Bennett, 1998)

- Natural conditions
- Climate
- Territorial size
- Compatibility with locally produced items

Demographic factors (Bennett, 1998)

- Population size/growth
- Household size
- Population structure

Socio-cultural factors (Johnson & Arunthanes, 1995)

- Language
- Tastes and habits
- Education
- Literacy
- Aesthetics
- Values and attitudes
- Religion

Economic factors (Leonidou, 1996)

- Disposable income
- Infrastructure facilities
- Economic situation
- Export market lag
- Competitive intensity in the export market

Political-legal factors (Leonidou, 1996)

- Technical standards
- Measurement units
- Legal restrictions
- Government controls
- Taxation policies

### **3.2 Factors influencing product standardization**

For answering the second research question we have chosen the following studies:

Leonidou's (1996) *factors encouraging product standardization*, Susan's (1996) *arguments in favor of global standardization* and Dahringer and Muhbacher's (1991) *factors influencing product standardization decisions* because they together provide a covering framework of the factors affecting product standardization.

Market characteristics (Dahringer & Muhbacher, 1996)

- Market similarities
- Improved living standards
- Trade liberalization
- Economic integration
- Homogenous consumer needs
- Consumer priorities (High quality low price)

External environment (Dahringer & Muhbacher, 1996)

- Political/legal forces
- Socio-cultural factors
- Geography
- Climate
- Internationalization of world economies
- Technological advancements

Corporate environment and financial factors (Dahringer & Muhbacher, 1996)

- Management control
- Price
- Capital investments
- Economies of scale
- Economies in R&D
- Economies in marketing

The product (Dahringer & Muhbacher, 1996)

- Product life cycle stage

### **3.3 Elements of products subject to adaptation or standardization**

For answering the third research question we have chosen the following studies:

Leonidou's (1996) *product dimensions subject to alterations*. This model was chosen because it provides a lot of specific dimensions that can be subjected to alterations. We have also chosen to include the *augmented product* described by Czinkota and Ronkainen (2001) to be able to not only investigate the core and the tangible features, but also look at adaptations made to services connected with the product.

External characteristics (Leonidou, 1996)

- Design
- Style
- Quality
- Dimensions

Internal features (Leonidou, 1996)

- Ingredients/parts
- Construction method
- Technical specifications
- Operating system

Packaging (Leonidou, 1996)

- Appearance
- Size
- Color
- Type

Labeling (Leonidou, 1996)

- Language
- Symbols
- Text
- Instructions

Branding (Leonidou, 1996)

- Name
- Language
- Trademark
- Positioning

The augmented product (Czinkota & Ronkainen, 2001)

- Services connected with the product

## 4 Methodology

*In this chapter the methodology of our research will be presented and described. The different methodological perspectives will be explained, as well as the justifications for the selection of investigated companies, the data collection method and the analysis method.*

### 4.1 Purpose of research

Almost all research can be classified as one of the following research types; exploratory, descriptive or explanatory research (Reynolds, 1971).

*Exploratory* research is, just as the word implies, designed to let the researcher explore a phenomena (Reynolds, 1971; Eriksson & Wiedersheim-Paul, 1997). This type of research is implemented when the area of research is too large or when the research problem is hard to limit (Eriksson & Wiedersheim-Paul, 1997). In order to be able to reach the objective of developing suggestive ideas, the research should be as flexible as possible and aim to be able to provide guidance for procedures to be used during the next stage – descriptive research. (Reynolds, 1971)

The aim of *descriptive* research is to develop careful descriptions of patterns that were hinted during the exploratory research (Reynolds, 1971). The purpose of this kind of research is to describe a phenomena and ultimately to be able to make empirical generalizations (Eriksson & Wiedersheim-Paul, 1997). Once empirical generalizations can be done, effort should be put in trying to explain them; which leads to the final stage of research – explanatory research (Reynolds, 1971).

*Explanatory* research means that the researcher is analyzing causes and relationships (Eriksson & Wiedersheim-Paul, 1997). This type of research is designed to develop explicit theory that can be used to explain empirical generalizations developed during the descriptive research stage. This is the final stage of the research cycle. (Reynolds, 1971)

Which category a study belongs to depends on ambitions and knowledge within the research area (Wallén, 1996). The research purpose of this study is mainly descriptive. This due to the fact that it was stated in our research purpose that this thesis wanted to gain a better understanding of *how companies within the gardening industry adapt or standardize their products for foreign markets*. We will gain this better understanding through answering specific research questions. However, by conducting this study of how three companies within the gardening industry strategically adapt/standardize their products for foreign markets, at this specific point in time, the research can be classified as exploratory. In the first phase of writing this thesis we were also pretty much exploring the area, since we did not know a lot about it. By answering the research questions in the end we will also start to explain the phenomena. The research presented in this thesis is therefore not only descriptive, but also exploratory and, to some extent, explanatory.

## 4.2 Research approach

Generally, there are two methods to choose from when conducting research; *qualitative and quantitative* method (Yin, 1994).

*Quantitative method* is, to a large extent, formal and structured and aims to make generalizations based on studies of few variables done on a large quantity of entities. Quantitative research often uses surveys, with a set number of answer alternatives for data collection, and is preferably used when the research problem is rather wide. (Holme & Solvang, 1997)

*Qualitative method* is mainly used when the researcher needs to gather and analyze detailed data of abstract information, like ideas, attitudes or feelings. Furthermore, the qualitative method is preferable used when the number of entities to study is few. The aim of this kind of research is generally to gain a deeper understanding of a phenomenon and describe it in words rather than transforming the results into quantitative numbers. (Gummesson, 1988; Yin 1994)

For this thesis, a qualitative method was chosen. This decision was based on the fact that the information needed to answer the research questions are of a qualitative nature, since they require a deeper understanding in order to be answered. A qualitative method is, as mentioned earlier, better suited when the objective is to gain a deeper understanding of a specific phenomenon, which in this case would be the strategic development of brand identity. Furthermore, a qualitative method is conducted through interviews, which also is the way of we will be collecting data. An effect of this choice is that the findings cannot be presented statistically, but in the form of words.

## 4.3 Research strategy

There are, according to Yin (1994), five primary research strategies for collecting data. These five research strategies are; experiments, surveys, archival analysis, histories and case studies. These five different strategies all have advantages and disadvantages and are appropriate for different situations. The situations the different strategies are appropriate for can be determined by setting three conditions (See table 3.1): (Yin, 1994)

- The type of research question
- The required control over behavioural events
- The focus on contemporary events

Table 4.1: Relevant situations for different research strategies

Research strategy	Form of research research question	Requires control over behavioural events	Focuses on contemporary events
<i>Experiment</i>	how, why	yes	yes
<i>Survey</i>	who, what, where, how many, how much	no	yes
<i>Archival analysis</i>	who, what, where, how many, how much	no	yes/no
<i>History</i>	how, why	no	no
<i>Case study</i>	how, why	no	yes

Source: Yin, 1994, p. 6

Taking the research questions and the purpose, stated in chapter one, into account, we find it that, since we do not need control over behavioural events and we will focus on contemporary events; experiment, archival analysis and history are not appropriate research strategies for our study.

Surveys are, according to Eriksson and Wiedersheim-Paul (1997), appropriate when the researcher wants to collect standardized information and is often used when conducting quantitative research. (Eriksson & Wiedersheim-Paul, 1997) Therefore, a survey is not an appropriate research strategy for this study.

According to Yin (1994), case studies allow an investigation to retain a holistic and meaningful image of organizational and managerial processes. A case study is used when investigating contemporary events and when relevant behaviours cannot be manipulated. (Yin, 1994).When conducting a case study the researcher investigates few objects in a wide range of perspectives, with the aim of gaining thorough and in-depth understanding, rather than to be able to draw statistic generalizations. (Eriksson & Wiedersheim-Paul, 1997)

However, Yin (1994) states that a case study can be either a single-case study or a multiple-case study. When making a single case study the investigators have no possibilities to make comparisons or to generalize. Multiple case studies, on the other hand, give the researchers the opportunity to compare; however, less time can be spent on each case (Yin, 1994).

For this thesis we consider case studies to be the best research strategy to use in order to be able to answer our research questions. This is because we will focus on contemporary events and we do not require control over behavioural events. As mentioned earlier, case studies are appropriate to use when answering how- and why-questions, which are the type of questions this thesis will try to answer. Furthermore, using multiple case sampling will add to the

confidence of the findings. Multiple case sampling also adds to the validity, precision and the stability of the findings.

#### **4.4 Sample selection**

The next step, after we had determined research strategy, was to choose what industry and what companies to study. We chose Stiga AB, Jonsered AB and Husqvarna AB. The reason for this selection was that the gardening industry not had been studied before in an international context. Moreover these three companies' products are sold worldwide and they are major actors within the European market. Therefore the above three companies were chosen.

Further on, according to one of the respondents spoken to before the interview, the two major markets in Europe for gardening products are Great Britain and France (Åke Winbladh, Stiga AB). To obtain as qualitative data as possible, these two countries were chosen for our study.

The selection of respondents is crucial according to Holme and Solvang (1997). If the wrong persons are being interviewed, the research may turn out to be invalid or worthless (ibid). During the first contact with the companies, the intention of the research was explained and the right person was identified. In order to fulfil the purpose of this research it was of great importance to get in contact with a person at the companies that had the best knowledge and experience of the company's products sold abroad. We believe that this has been achieved after our respondent selection at Stiga AB, Jonsered AB and Husqvarna AB.

At all the above companies, personal interviews were conducted. At Stiga AB, product manager Åke Winbladh was interviewed on November 24<sup>th</sup>. At Jonsered, assistant product manager Håkan Fransson was interviewed on November 25<sup>th</sup>. And at Husqvarna, product manager Peter Carenborn was interview on November 26<sup>th</sup>.

#### **4.5 Data collection**

When it comes to data collection, Eriksson and Wiedersheim (1997) state that there are two ways of doing this: through primary data and through secondary data. According to the authors, primary data is information that you collect by yourself and that is meant for a specific purpose. Secondary data on the other hand, is data that have already been collected. And this information was collected for a different purpose. The authors also state the pros and cons with both alternatives. Because of the availability and the low costs of retrieving it, secondary data is used first. But if this data is not satisfactory, primary data needs to be collected. It is important that this data is collected in a proper way. (Eriksson & Wiedersheim, 1997)

According to Yin (1994), when collecting data one can rely on six different sources. These sources include documents, archival records, interviews, direct observation, participant observation and physical artifacts. (Yin, 1994) In the table below the strengths and weaknesses for each of the six sources of evidence are presented.

Table 4.2: Six sources of evidence: Strengths and weaknesses

	<b>Strengths</b>	<b>Weaknesses</b>
<b>Documentation</b>	<ul style="list-style-type: none"> <li>- Stable; can be reviewed repeatedly</li> <li>- Unobtrusive; not created as result of the case study</li> <li>- Exact; contains exact names, references and details of events</li> <li>- Broad coverage; long span of time, many events and many settings</li> </ul>	<ul style="list-style-type: none"> <li>- Retrievability; can be low</li> <li>- Biased selectivity, if collection is incomplete</li> <li>- Reporting bias; reflects (unknown) bias of author</li> <li>- Access; may be deliberately blocked</li> </ul>
<b>Archival records</b>	<ul style="list-style-type: none"> <li>- Same as above for documentation</li> <li>- Precise and quantitative</li> </ul>	<ul style="list-style-type: none"> <li>- Same as above for documentation</li> <li>- Accessibility due to privacy reasons</li> </ul>
<b>Interviews</b>	<ul style="list-style-type: none"> <li>- Targeted; focused directly on case study topic</li> <li>- Insightful; provides perceived causal inferences</li> </ul>	<ul style="list-style-type: none"> <li>- Bias due to poorly constructed questions</li> <li>- Response bias</li> <li>- Inaccuracies due to poor recall</li> <li>- Reflexivity; interviewees give what the interviewer wants to hear</li> </ul>
<b>Direct observations</b>	<ul style="list-style-type: none"> <li>- Reality; covers events in real time</li> <li>- Contextual; covers context of events</li> </ul>	<ul style="list-style-type: none"> <li>- Time consuming;</li> <li>- Selectivity; unless broad coverage</li> <li>- Reflexivity; event may proceed differently because it is being observed</li> <li>- Cost; hours needed by human observers</li> </ul>
<b>Participant observation</b>	<ul style="list-style-type: none"> <li>- Same as above for direct observations</li> <li>- Insightful into personal behaviour and motives</li> </ul>	<ul style="list-style-type: none"> <li>- Same as above for direct observations</li> <li>- Bias due to investigator's manipulation of events</li> </ul>
<b>Physical artifacts</b>	<ul style="list-style-type: none"> <li>- Insightful into cultural features</li> <li>- Insightful into technical operations</li> </ul>	<ul style="list-style-type: none"> <li>- Selectivity</li> <li>- Availability</li> </ul>

Source: Yin, 1994, p. 80

Taking the table presented above into consideration, the most appropriate sources of evidence for this study is interviews and documentation.

Documentation refers to written reports of events, administrative documents such as proposals and internal documents, and articles appearing in the mass media. (Yin, 1994)

Interviews refers to either open-ended interviews, focused interviews or structured interviews. Open-ended interviews are free and open discussions. A focused interview, on the other hand, is a semi-structured research that allows for informal conversation in a pre-determined subject manner. Finally, structured interviews are interviews with pre-designed questions. (Yin, 1994)

The data in this thesis is both secondary and primary. When we collected the data for our case study, we did this by a semi-structured research method; focused interviews. This data was meant for the specific purpose of this thesis and therefore, it can be considered as primary data. The interview was made by telephone due to the amount of time and money that a personal interview would involve. The whole interview was recorded so that we would be able to make sure that we did not misinterpret any data. We have also collected data using documentation, which have been collected earlier and for another purpose. It can therefore be considered as secondary. This data includes the background information of the companies studied, and was retrieved both from their web sites and from brochures which were sent to us.

## **4.6 Data analysis**

Every case should begin with a general analytical strategy that will provide the basis for what to analyze and why. The type of data received very much affects the quality of the findings. Furthermore, the strength of the data is very much dependent on how the data is analyzed. The ability to draw any conclusions from the collected data is very much depending on how the data is analyzed. Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study. The ultimate goal with the data analysis is to treat the evidence fairly, to produce compelling analytic conclusions, and to rule out alternative interpretations. (Yin, 1994)

According to Holme and Solvang (1997), a systematic analysis begins with a within case analysis and is followed by a cross-case analysis. This study will follow this approach. First a within case analysis will be conducted, where data collected from each company will be compared with the frame of reference. Then a cross-case analysis will be conducted, where the data from the different companies will be compared with each other. After having analyzed both similarities and differences between theory and collected data, the findings and conclusions will be presented.

## **4.7 Validity & Reliability**

### *4.7.1 Validity*

To be sure of the quality of the data that we have gathered, there are two important factors that need to be taken into count. First, validity can be explained as the ability of measuring what is intended to be measured. Eriksson and Wiedersheim (1997) further divides this factor into internal and external validity. Internal validity deals with the coherence between the factors and the definitions of the factors. It is very important that only the desired data is

retrieved and therefore it is crucial that the demarcations of what is to be measured are very clear. External validity on the other hand, deals with the coherence between received data and the reality; if the collection of data has been unstructured and it does not really reflect the reality, then the study has a low rate of the external validity. (Eriksson & Wiedersheim, 1997)

We have taken the validity problem in consideration when conducting our interview. To be sure that we measure exactly what we intend to do, we have constructed our interview guide so that it copes with the research questions and the purpose of this thesis. To be sure of the quality of the answers at the interview, we have made sure that the right person has been interviewed. We did not just want a person, who was familiar with the company's products in the international marketplace, but tried to find a person, whose position in the company was upper management or higher and also had knowledge about the specific markets, subject to investigation. Furthermore, we have made sure to strengthen our reasoning with relevant theories within the area and we have also made priorities and primarily used theories where several researchers have used similar models or where they have come to conclusions that match each other. Accordingly, several different views and opinions about the area has been investigated to be sure that not just one side of the area is looked at.

#### *4.7.2 Reliability*

Reliability answers the question if a measuring tool is generating reliable answers. And if another researcher would get the same result if conduct a similar study. (Eriksson & Wiedersheim, 1997)

To strengthen the reliability of this work, we have throughout the case study tried to be as objective as possible. To further strengthen the reliability, we took measures during the interview that would help to prevent a non-objective data collection. For example, the interviewee was not exposed to the questions before the interview took place. Instead the area was presented so that the respondent would be able to gather the necessary information. Furthermore, to be able to concentrate on the interview instead of recording the data while discussing the problem area with the interviewee, the interview was conducted so that one of us was taking notes while the other one was leading the interview.

A problem concerning the reliability, that we have tried to take into account while conducting this study by being as objective as possible, was our educational and personal background. If the study has been biased by our personal backgrounds, even though our attempts to avoid it, we have not been able to either identify or prevent it.

Now that the method of collecting our data has presented and all the different aspects to consider when working with the data, we will now in the following chapter present the data.

## 5 Data collection

*In this chapter the empirical findings of the study will be presented. Each case will be presented, starting with a brief background, followed by the empirical findings in relation to our research questions and conceptual framework. The data collected is based on interviews conducted with product managers in the three companies. The people interviewed were Åke Winbladh, product manager at Stiga, Mikael Berglund, sales manager at Jonsered AB, Håkan Fransson, assistant product manager at Jonsered and Peter Careborn, product manager at Husqvarna.*

### 5.1 Case One: Stiga AB

#### 5.1.1 Company background

Stiga was founded in 1934 by Stig Hjelmquist. In the beginning the company mainly imported products that were sold in retail stores. Stiga has been active in producing and developing a lot of various types of products; in 1944 Stiga started producing table tennis products and in 1958 the company started producing lawnmowers. In 1974 a new Stiga factory was founded, which came to be one of the largest producers of lawnmowers in North Europe. In 1983 AB Aritmos acquired the majority of shares of Stiga, which led to that the production of table tennis products, weapons and textiles, was canceled. Furthermore, Belos Tractor AB was acquired. In 1987 the production of Stiga was further streamlined, when the production of pumps and work out cycles were sold. During the few years to come several acquisitions were made; in 1989 the Superia-Flandria group and Hammarplast AB were acquired. In 1993 a major program for product development and a thorough reconstruction of Stiga's organization were carried out which led to an increased investment in export. In 1994, this investment led to increased sales in Europe and North America. In 2000 the lawnmower producer Mountfield in England was acquired and Stiga, Castel Garden and Aplina merged and became Global Garden Products.

Global Gardening Products group (GGP) is the biggest manufacturer of gardening products in the Nordic region and one of the biggest manufacturers in Europe. The products manufactured range from small electric lawnmowers to larger front riders.

Stiga is actively working with environmental issues concerning their products. The company has launched the first gasoline driven lawnmower that has the Swan tag. All together, Stiga offers over 36 different models of lawnmowers.

Exhibits below are examples of some of the lawnmower models that Stiga sell.



Today, Stiga's products are exported to all of Europe, South and North America, Africa, Australia and New Zealand

#### *5.1.2 Factors influencing adaptation of lawnmowers*

The lawns are different in every European country. Generally, the French lawns are much bigger compared to the British and this is believed to be one of the factors affecting the choice of lawnmower differently in these two markets. However, the differences in national conditions between the British and the French market are very few and adaptations are not made to these markets. Moreover, there are no adaptations made when it comes to climate, territorial size and compatibility with locally produced items.

Demographic factors such as household sizes and population size and growth did not influence adaptation in the British and the French market. However, the population structure differed between the two markets and this made for differences in demand and adaptation of lawnmowers in the U.K. and in France. The smaller and more expensive land owning in the U.K. was according to Winbladh influencing the demand for specific lawnmowers. In the U.K. where the gardens often are smaller, compared to France, mostly smaller and electrical lawnmowers were purchased. In France on the other hand, larger and more powerful lawnmowers were more popular, because of relatively larger gardens, according Winbladh.

Language, education, literacy, aesthetics and religion where not considered as a motive to make changes to the product in the U.K and in France. However, traditions and national tastes are seldom easy to change in different countries. In France for example there has always been a tradition of using large and powerful lawnmowers compared to the British market. Moreover, values and attitudes such as buying behavior differs. In the U.K, generally, consumers are more willing to repair and keep their lawnmower for a long time. They often bring their lawnmower to have it served for the upcoming season. In France on the other hand, a new lawnmower is purchased when the old one does not function properly. The French generally demand large and strong and the British silent and electric lawnmowers. Another example of this, is the preferred width of the blade in the two markets, which differed according to Winbladh.

When it comes to economic factors and the economic situation in the British and the French market, there are differences in costs between these two. U.K has the highest prices in Europe and French prices are considerably lower. Comparing the land prices in these countries furthermore shows that land in the U.K is more expensive than in France. However, the disposable incomes, infrastructure facilities, export market lag or competitive intensity did not influence adaptation in the British or the French market.

There are no changes made to the product because of differences in taxes in these two countries. However, technical standards and measurement units, legal restrictions and governmental control are influencing adaptation differently. Maximum vibrations and noise were considered important issues in the U.K.. In France, there where more governmental controls. Different test centers have to approve the product before it can be sold and this is an influencing factor and makes it a different issue to sell a lawnmower in this market. Good test results from these institutes makes for a positive opinion publicly and keeping a good relation to these institutes is considered important in the French market.

### *5.1.3 Factors influencing standardization of lawnmowers*

Concerning the market characteristics, improved living standards and consumer priorities in these two countries were not factors influencing standardization. Mail order is something that is present in the U.K market but not in the French. The distribution also differs between these two markets. In the U.K most lawnmowers where sold through construction equipment retailers and in France most sales where made by the retailers in the big food chains. However, the two markets did not differ substantially and the consumer needs where slightly homogenous. According to Winbladh, trade liberalization and economic integration in the two markets because of new EU norms, also have made it easier to do business. This influences standardization more today than earlier, when regulations were highly debated.

In France, there is hardly any environmental thinking at all. There is no emphasis on reducing pollution in this particular area. Moreover, the noise is not considered as a problem in the same way as in the U.K; Winbladh believes that the smaller gardens in the U.K make the noise a major issue there. Therefore socio-cultural factors to some extent, prevent a standardized approach both in the U.K and in France. These two countries have historically had different values and this can be seen even today. However, European integration makes factors such as political and legal forces partially important and internationalization more influencing in standardization issues at Stiga. The market similarities in the form of geography and climate in the U.K. and in France do not have a great influence on standardization decisions. Also, technological advancements were not seen as influential in standardizing products in these markets.

The major motive for standardization in both the U.K and the French market is cost reduction. Components are standardized as much as possible to all different markets. The standardization makes for economies of scale. Other corporate and financial factors such as price, capital investments, economies in R&D and economies in marketing, are therefore also seen as influencing standardization of Stiga's lawnmowers. Management control however, could not be said to influence product standardization.

The similarities in market development and the stage in the product life cycle between the British and the French market, enables Stiga to standardize its lawnmowers to these two markets.

#### *5.1.4 Elements of a lawnmower subject to adaptation or standardization*

There are different retailer types and distribution channels and these acquire different changes to the external features of the product. Examples of these are major food chains, construction equipment retailers and traditional retailers. When it comes to internal features of the product, such as design, changes are most crucial at construction equipment retailers. These retailers are mostly concentrating on segment where design is considered important. At the major food chains, none of the external features are of major importance. Instead, the price is the most important element subjected to changes. This is because of the small margins that these retailers have. Finally, at the traditional retailers, external features are not seen as elements subjected to changes. Sales personnel are able to speak for the product and more emphasis is put on this instead of specific changes to the product elements. In U.K, design and brand characteristics are playing a greater role, than in France. Except from design, other external characteristics such as style, quality and dimensions where not subjected to adaptation or standardization in the two markets.

When it comes to internal features of the product, the blade and the vibrating standards are most subjected to changes. In the U.K 46cm blades were preferred and in France the preferred width was at least more than 50cm. In U.K, lawnmowers with a “Roller”, that are able to make patterns were more used compared to the French market. Also, the demand for electric lawnmowers was greater in U.K. If looking at the French market, the size and the strength of the engine was more important issue. Hence, Technical specifications, construction method and parts were subjected to adaptation in the U.K., whereas only parts was interesting to adapt to the French market. Operating system was not considered a subject for adaptation in any of the two markets.

Packaging is standardized to all countries and no specific changes are made to different markets. However, there are differences when it comes to distribution in every country. At the construction equipment retailers, quite much emphasis is put on colors and appearance. Boxes have to include color pictures and photos of the product. This is because of the lack of ability to advertise the products efficiently in other ways. The other two retailers are not putting effort into packaging issues. Other features, such as size and type of packaging was not considered important in either of the two countries.

Instead of adapting labeling, in terms of language, to all countries, this is standardized by using pictures instead of text. This is because of the costs that an adaptation to every specific country would mean. Language, symbols, text and instructions are therefore standardized to the British and the French market.

Neither in the U.K or in France, there were changes made to the brand. Instead, other brands were simultaneously used to satisfy more segments in these markets. A future plan is to establish Stiga as the group’s brand in whole Europe, but this is too expensive right now.

In the U.K buying conditions are different from the French market. There is a greater tolerance of product testing and money back guarantee in the U.K than in France. In France the purchase is definite and money back is not possible if there is nothing wrong with the product. Service conditions for a lawnmower are more or less similar in these two countries but the different attitudes and buying behaviours makes the customer service a bit different, which makes for an adaptive approach in both countries.

## 5.2 Case Two: Jonsered AB

### 5.2.1 Company background

Jonsered AB was founded in 1834 in a little community located at Sävån, outside Gothenburg. In the 1880's the first step towards producing the products that they produce today; wood processing machinery. In 1954, Jonsered presented the prototype for today's modern chain saw, the light one-man chain saw. The following year the brush cutter arrived and since then the innovations has followed one after another.

In Scandinavia Jonsered has, with subsidiaries in Norway, Denmark, Finland and Sweden, effectively coordinated their product line and marketing efforts. Jonsered's products are distributed by over 1,000 distributors in Scandinavia, of which 350 are located in Sweden.

Jonsered exports their products to almost all European countries, including France, Greece, United Kingdom and the Czech Republic. They also export to Mexico, USA, Australia and New Zealand.

Jonsered has a high level of innovation and the company owns several patented designs. Production is carried out in 20 factories in ten countries including Sweden, Norway, USA and Japan. Marketing is carried out by their own subsidiary companies and agents in more than 60 countries. Jonsered is represented by approximately 6,000 dealers worldwide.

Jonsered offers a wide range of products, namely; chainsaws, hedge trimmers, ironhorses, front riders, sawmills, garden tractors, brush cutters, lawnmowers, trimmers, clothes and tools. Furthermore, Jonsered offers many different models within each product class. The company offers over 13 different models of lawnmowers.

The exhibits below are examples of some of the lawnmower models that Jonsered sell.



*Jonsered LM 2148 CMDE*



*Jonsered LM 2146 M*



*Jonsered LM 2040 H*

The competitors of Jonsered range over a lot of different product classes, however, the major competitors when it comes to lawnmowers are according to Mikael Berglund, sales manager at Jonsered Sweden, Viking, Klippo and Stiga.

The goal of Jonsered is to continuously create customer satisfaction by developing design, feeling and usability. In the future this will be combined with stronger and more effective engines with maximized control of the machine. Today, Jonsered is wholly-owned subsidiary company of the Electrolux group, which is one of the biggest industrial groups in the world.

Electrolux business philosophy is to use the Jonsered brand name to develop and market machinery for forestry, parks and gardens.

Unfortunately, according to Mikael Berglund, sales manager at Jonsered, the company has a high level of secrecy policy, which means that no information regarding market share and turn over could be gathered.

We have interviewed Håkan Fransson, assistant product manager at Jonsered AB.

### *5.2.2 Factors influencing adaptation of lawnmowers*

Generally, adaptations of the product, made because of the natural environment and the climate of the specific market is very common. Depending on where the lawnmower is to be used, different changes may need to be done. Also, topography plays an important role here. However, the territorial size and the compatibility with locally produced items do not play as big role when it comes to adaptations of lawnmowers. The natural environment and climate in Britain and in France are somewhat similar. However, the topography and the characteristics of the grass, which can be classified as natural environmental factors, in these two markets is different, which calls for adaptations. These adaptations are done to the design of the product. Territorial size and compatibility with locally produced items are not factors that influence adaptations in the British or French markets.

The demographic factors, in terms of household size plays, an important role, since the size of the household may affect the size of the garden. The size of the garden affects the demand for different types of lawnmowers. In France the gardens are, generally, larger than in U.K. This affects the adaptation of lawnmowers to these two markets. The population growth and the structure of the population do not affect the adaptation.

When it comes to the socio-cultural factors, the generally most important factor to influence product adaptations can be said to be the tastes, values and attitudes of the consumers. This is true for U.K. and France too. These adaptations depend on how the consumers want their lawn to look, on the amount of noise that can be tolerated and on how concerned people are about the environment. In the U.K. people want the lawn to be cut very short, almost no noise is tolerated and people are moderate concerned about the environment. In France people do not strive for the same short lawns as in the U.K., the amount of noise tolerated is a lot higher and people are less concerned about the environment. Furthermore, the language in different countries also has a great impact on product adaptations. In U.K. and France these adaptations are mostly made on the label, instructions and on the package. Education, literacy, aesthetics and religion play a less important role in both U.K. and in France and do not influence product adaptations.

The consumers disposable may influence product adaptations in for example East Europe, but since this factor is very similar between U.K. and France, it does not affect any product adaptations in these two markets. The same goes for infrastructure facilities, economic situation and export market lag. Moreover, the competitive intensity in the export market positively affects product adaptation. In order to sell a lawnmower in these markets it has to provide what the consumers want. On the other hand, it cannot be too expensive; an economy of scale is essential. Therefore it is a trade-off between the degree of product adaptation and price, which both can be used to create a competitive advantage. The competitive intensity in the British and the French markets are rather high and can be said to both affect the product adaptations and product standardizations in both markets.

The political-legal factors are often a very important influence of product adaptation. However, since both the U.K. and France are members of the European Union, a lot of issues regarding the political-legal factors, such as technical standards, legal restrictions and government controls that used to influence product adaptation have disappeared because of a standardization of these rules and regulations. This allows for economies in scale and a lowered price, ultimately for the consumers. The taxation policies in U.K. and in France do not influence product adaptation either. The measurement units are different in U.K. and in France; in the U.K. inches are used and in France centimeters are used. However, Jonsered standardize this aspect and provide both the measures of their products with both measurement units.

### *5.2.3 Factors influencing standardization of lawnmowers*

Similar market characteristics and homogenous consumer needs positively affect product standardization. If two markets are similar there is no need to adapt a product. Furthermore, trade liberalization and economic integration, for example the European Union, has created a lot of advantages in terms of standardized laws, regulations, standards and so forth, which allows Jonsered to standardize products. However, in the U.K. and in France the consumer priorities are somewhat different which creates a need for product adaptation. Improved living standards can not be said to influence product standardization in either country.

Factors concerning the external environment, in terms of geography, climate can be said to influence product standardization if they are similar between two markets. These factors are rather similar when it comes to the U.K. and France, but other factors, such as consumer preferences, makes it difficult to more extensively standardize the products. As mentioned above, because of the European Union, factors concerning the internationalization of world economies and political/legal factors are very much the same in the U.K. and France and therefore allow Jonsered to standardize parts of their products to these two markets. Socio-cultural factors, in terms of consumer tastes, values and attitudes, can not be said to influence product standardization in the U.K. and France since they are somewhat different. Factors concerning technological advancements do not influence product standardization in U.K. and France either.

The financial factors are the major factors influencing product standardization. The benefits of economies of scale, economies in R&D and economies in marketing are very important to able to provide a good product to a reasonable price. In U.K. and in France this factor is also the most important factor that influences product standardization. The fact that Jonsered tries to standardize their brand and marketing activities also creates the benefit from economies in marketing in both markets. Economies in R&D is also very important when it comes to the products sold on these two markets, since a lot of products on both markets are based on the same technology. Economies of scale also has to do with capital investments and ultimately the price of the products. However, management control can not be said to influence product standardization.

When it comes to the product life cycle, the lawnmower is pretty much in the same stage in both U.K. and France. In, for example East Europe, the lawnmower is in a completely different stage and people demand more basic functions of the product. Therefore, the fact that the product is in the same life cycle stage can be said to influence product standardization in these two markets.

#### *5.2.4 Elements of a lawnmower subject to adaptation or standardization*

According to Håkan Fransson, the external characteristics of the product are exposed to slight adaptations in the British and French markets. The adaptations lie in the design and style of the product. In Britain people want a very short cut grass and in France it is not as important to cut the grass as short. However, there is no difference in quality or dimensions. When it comes to the internal features, in terms of parts, construction method, technical specifications and operating system, adaptations are necessary to produce the to different lawnmowers preferred in Britain and in France. Within the internal features these adaptations are made to parts, construction method and to some extent technical specifications. Technical specifications may however, to a larger extent, differ between markets in countries outside Europe. The packaging of Jonesered's products is the same for the whole Europe, which includes Great Britain and France. The appearance, size, color and type are the same in these two markets.

When it comes to labeling, changes of the product are necessary in order to be successful in a foreign market. This is, for example, because the different languages that people speak in different countries and the different laws and regulations in different countries. To Jonesered's products some adaptations are made to the labeling characteristics. First of all, the language of the instructions is adapted to the specific market. In Great Britain it is printed in English and in France it is printed in French. Furthermore, the text may be written in different ways, depending on the laws concerning this type of products, therefore this is also exposed to adaptations in both Great Britain and France. Secondly, the symbols in the labeling are exposed to adaptations. This is because the different standards, laws and regulations in different countries. The standards and laws are different in Great Britain and France, and therefore the symbols on the labeling are adapted to the specific market.

Jonesered is trying to communicate a centralized image of the brand. This includes a centralized commercial department that makes sure that the commercials communicate the same brand identity everywhere. Therefore, no adaptations are made to the name or the language in either Great Britain or France. The positioning these two markets may differ a little, depending on the model, but generally there are no differences. No adaptations are made to the trademark.

Jonesered is trying to provide their services through retailers and specialized stores. Overall, the augmented characteristics are very much standardized. However, slight adaptations are made to the British market in terms of the terms of the warranty. In the French market, no adaptations are made.

Håkan Fransson further mentions that to be able to adapt a product to a specific market or a specific need it has to be cost-effective.

## 5.3 Case Three: Husqvarna AB

### 5.3.1 Company background

Husqvarna is a company with a long tradition. The first Husqvarna factory was a weapons factory founded in 1869. It was at that time the foundation of the engineering that later on would help the company to develop some of the world's finest products within several product classes, such as hunting rifles, bicycles, motorcycles, household machines, sewing machines and outdoor products.

In 1872 Husqvarna started producing sewing machines and tools for the kitchen such as pots. In 1896 Husqvarna's first bicycle was produced. The production continued until 1962 when Monark took over the production. In 1903 the foundation of the company's engine industry was laid and the production of motorcycles became a natural extension of the bicycle production. Husqvarna's motorcycles were competed extremely well with large international actors such as Indian, Harley Davidson and Royal Enfield. In 1918 Husqvarna bought Norrahammar factories and acquired two new products; steam engines and manual lawnmowers. From 1934 to 1949 major technical advancements occurred; Husqvarna produced the world's first electric oven and dishing- and washing machines. In 1959 Husqvarna produced their first chainsaws and motor lawnmowers. They also launched the microwave oven the same year. In 1975 the company had produced 1,000,000 chainsaws. In 1977 Husqvarna was acquired by the Electrolux group. In 1986 the company produced their first front rider and in 1995 they launched their Solar Mower; an automatic lawnmower that is powered by solar light.

Today, Husqvarna is a part of the Electrolux Group. The company is a leading manufacturer of products within industries like forestry, park and gardening. The total number of employees is 2,200 and approximately 1,800 of these are working at the headquarters in Husqvarna, where high-tech research, product development, production and marketing are done. Throughout the world, 18,000 retailers in 100 countries are representing the company and as much as 95% of the products are manufactured for export.

Husqvarna takes on a great responsibility when it comes to the environmental issues. They have therefore developed a vision that runs throughout the whole company that focuses on the environmental aspects from production, packaging, and energy consumption to recyclability.

Today, Husqvarna offers over 15 different lawnmowers, not including the automatic mowers or front riders.

The exhibits below are examples of some of the lawnmower models that Husqvarna sell.



*Husqvarna M48 Pro*



*Husqvarna M53 S*



*Husqvarna M48*

### *5.3.2 Factors influencing adaptation of lawnmowers*

The number one motive here is to satisfy market needs. There are however no adaptations because of differences in climate in the two markets. The consumers' situation is the most important determinant of what is to be offered in each specific market. In U.K., consumers generally have smaller lawns and there is a greater demand for smaller lawnmowers with smaller blade width compared to the French market. Natural conditions, climate, territorial size and compatibility with locally produced items can not be said to have an influence on product adaptation in either the U.K. or France.

Both in the U.K and France, the local retailers handle the demographic situation in each specific market and adjust to this situation. From 20 different models, the retailer is able to choose the ones that are most attractive in his/her specific market. The size of the lawn can be said to have an influence on product adaptation, since it has to do with the size of the lawns. There is an adaptation locally in terms of which models that have been chosen. The other demographic factors; population growth and structure are not influential in either market

Consumer tastes can be said to have an influence on product adaptation in the U.K. It also has more to do with design, compared to the French. The "Roller", which is exclusively offered for this market creates patterns when mowing the lawn. The other factors concerning socio-cultural factors; consumer values and attitudes, religion, education, literacy and aesthetics can not be said to have any influence on product adaptation in either the U.K. or France.

When it comes to economic factors, there are no differences in how competition influence changes of the product in the two markets. Furthermore, neither of the other economic factors; consumers disposable income, infrastructure facilities, the economic situation and export market lag were considered to have an influence on product adaptation in either market. These factors are more influential when comparing markets in Eastern Europe with Western Europe. In Eastern Europe, there is a greater demand for low-tech lawn mowers.

Legal restrictions and national laws do not differ considerably between the two markets. More and more, European standards are determining what is right and what is not and according to Carenborn, these standardized restrictions between the markets has made it easier and more efficient doing business with lawnmowers in Europe. Neither of the political-legal factors

technical standards, measurement units, legal restrictions, government controls or taxation policies were can be said to influence product adaptation in either market.

### *5.3.3 Factors influencing standardization of lawnmowers*

According to Carenborn, product manager at Husqvarna, the major motive for standardizing products is the cost reduction that this generates. Costs have been reduced in the production of lawnmowers in the same pace as for television sets. Lawnmowers have been produced for a long time and costs can be reduced with the help of economies of scale today. But still, at the same time, high-tech features can be offered for the low price. The market competition today has made lawnmowers a low marginal product and there is a constant search for cost reduction in transports, assembling facilities and distribution channels. Cost reduction has made Husqvarna standardizing their products into three major markets around the world: North America, Europe and Australia. The biggest competition threat on the export market is not from the U.K, France or other developed countries, but from low cost countries such as China.

The most influential factor, concerning product standardization in both countries, can be said to be the similarity of the markets, since this makes it possible to, some extent, offer the same products. Furthermore, the liberalization of trade and the economic integration has also made it easier to standardize products in both the U.K. and France. Improved living standards, homogenous consumer needs and consumer priorities can not be said to influence product standardization in these two markets.

There are, generally, no external environment factors affecting standardizing decisions specifically in the two markets U.K and France. Neither of geography, climate, socio-cultural factors or technological advancements have an influence on product standardization in either markets. However, the external factors influencing product standardization, are the internationalization of world economies and the political/legal factors, in terms of standards of the European Union that are becoming more and more used throughout the European market.

When it comes to the corporate environment and financial factors, cost reduction is the most important issue for the future. Economies of scale, economies in R&D and economies in marketing are all important tools for achieving this. The company is trying to produce as cost efficient as possible in both the U.K and the French market, even though these markets pretty much looks the same in terms of production and supply of products. The threat of low cost countries like China is however not seen as a major problem for the future. Carenborn believes that markets like these can be met with the longer experience that Husqvarna has. The management control of Husqvarna can not be said to influence product standardization.

#### *5.3.4 Elements of a lawnmower subject to adaptation or standardization*

In general, design is mostly changed only when a completely new model is introduced. Otherwise, the same design is offered in all markets. And the quality is a constant issue that is taken care of whenever needed. Neither did other external characteristics, such as style, quality or dimensions of the product, affect adaptation.

Concerning internal features of the product, there are components offered specifically to the British market that are not offered elsewhere. An example of this is the “roller” that is put behind the lawnmower in the U.K to create patterns in the lawn; also widely used on football fields. There are different demands for technical features such as width of the knife in the U.K and in France. In the U.K, most sold widths range from 42cm to 46cm. In France this range is 50cm to 55cm. Other internal features are standardized to all markets.

Husqvarna is using the same type, size and colors in packaging its products in all countries. No specific adaptation is made to countries.

In labelling, the company is following laws requiring instructions on all languages; European standards. The languages of all the markets that Husqvarna is selling to, is included in the instructions. Moreover, symbols, text and instructions are the same to both markets. One example is the issue of inches and centimeters. Both these are included in the product specifications. Customizing instructions especially to one market would mean higher costs.

The brand name of Husqvarna is used in all markets. No changes are made. The brand is positioned as high-quality and Husqvarna believes that this position is attained by their strong position in other products, such as chainsaws. On the French market, more effort is put on positioning Husqvarna lawnmowers as high-tech products, compared to the U.K market. This is because the French trend is to go for more powerful and stronger engines, than the consumer’s situation really acquire. The trend in the U.K is to go for smaller lawnmowers run on electricity. Hence, positioning and trademark are subjected to adaptation, while name and language are not.

When it comes to product service, there are no big differences between the markets after that the purchase has been made. However, there are differences in what distribution channels that are the most efficient in these markets. In the U.K, most of the lawnmowers are sold through hypermarkets and large out-of-town super stores, where the customer purchases the product without any service or expertise at all. In France on the other hand, the customer require more expert help when purchasing. Here, the lawnmowers are more sold through specialist retailers. The different distribution approaches in the two markets are a result of different attitudes toward service needed and therefore this is adapted to each market.

## 6 Analysis

*In this chapter, we will provide an analysis of our empirical findings. First a within-case analysis of the cases will be performed, where each case will be compared against our conceptual framework. Finally, a cross-case analysis will be performed, where our three cases will be compared to each other.*

### 6.1 Within case analysis

#### 6.1.1 Stiga AB

Here, a within-case analysis of the data collected from Stiga will be performed.

#### Factors influencing adaptation of lawnmowers

##### Physical factors

According to Leonidou (1996), the physical factors include differences in natural conditions, climate and territorial size. Research suggests that the physical parameters have a relatively strong influence on both the internal characteristics and packaging aspects of products. In contrast to Leonidou (1996), none of the above physical factors were affecting adaptation decisions at Stiga. No changes were made because of the physical factors.

##### Demographic factors

The demographic factors is defined by Leonidou (1996), as possible differences in population size/growth, household size and population structure. The author states that in a certain country, the most influencing demographic factor in adaptation decisions is population size/growth. When it comes to the external/internal product characteristics, population size and structure has had greater impact. In accordance with Leonidou (1996), there were differences in population structure between the U.K. and the French market, which made for adaptations. Household size and population size and growth did not influence adaptation.

##### Socio-cultural factors

According to Johnson and Arunthanes (1995), socio-cultural factors include language, tastes and habits, education, aesthetics, values and attitudes and religion. The authors also state that differences in end-user preferences and tastes between markets positively affect the actual product adaptation. The most influencing factor has been found to be language. This theory does not match Stiga. Language is not considered as a motive to make changes to the product either in the U.K., nor in France. Neither do education, literacy, aesthetics or religion. However tastes and habits, values and attitudes has showed to be influencing factors; the buying behavior differed between the U.K. and the French market.

##### Economic factors

Economic factors, which include disposable income, infrastructure facilities and economic situation have shown to have had moderate to low impact on product adaptations (Leonidou, 1996). Moreover, Johnson and Arunthanes (1995), means that additional factors, such as export market lag and competitive intensity in the export market, is affecting adaptation

decisions. When it comes to economic factors, the economic situation is however more than moderate influencing Stiga's situation. There are significant differences in costs between the U.K and France. U.K has the highest prices in Europe and French prices are considerably lower and this is influencing adaptation to both these markets. There were however no factors, such as export market lag or competitive intensity, that influenced adaptation decisions at Stiga. The U.K. and the French market did not differ considerably in these areas.

#### Political factors

The literature suggests that political-legal factors include technical standards, measurement units, legal restrictions, government controls and taxation policies (Leonidou, 1996). Johnson and Arunthanes (1995), suggest that differences in government regulation between the markets positively affect the actual product adaptation. Government regulation is according to the authors, also the strongest driver of the product adaptation in consumer products. In contrast to literature (Leonidou, 1996; Johnson & Arunthanes, 1995), there were no changes made because of differences in taxes in these two countries. However, technical standards, measurement units and government controls were issues important for Stiga to consider both in U.K. and in France. In the U.K., technical standards and measurement units were slightly more important than in France. Compared to the British market, there were slightly more legal restrictions and governmental control in France.

### **Factors influencing standardization of lawnmowers**

#### Market characteristics

In accordance with Dahringer and Muhbacher (1996), market similarities positively affect the standardization of lawnmowers, both in the U.K. and in France. Concerning the market characteristics in these two countries, these are slightly similar both in comparing the markets and the consumer needs in these two. Also trade liberalization and economic integration was found to be influencing standardization. However, improved living standards and consumer priorities were not considered as influencing factors.

#### External environment

In contrast to Dahringer and Muhbacher (1996), Stiga does not consider technological advancements as an influencing factor. However, the literature by Dahringer and Muhbacher (1996), suggesting that socio-cultural factors makes standardized products most appropriate in countries with similar cultural and social factors, match the case of Stiga; the attitudes in the U.K. and in France are too different for a standardized approach to work. This also makes factors such as geography and climate less influencing, even though these are quite similar between the two markets. European integration has however made political and legal forces and internationalization more influencing factors to consider than before in both the U.K. and in France.

## Corporate environment and financial factors

In accordance to Dahringer and Muhbacher (1996), corporate and financial factors to a large extent influence standardization strategies at Stiga. Economies of scale was the major motive for using a standardization approach both in the U.K. and in France and this made other factors such as price, capital investments, economies in R&D and economies in marketing important as well. However, in contrast to Dahringer and Muhbacher (1996), management control had no influence on the standardization of lawnmowers at Stiga.

## The product

In accordance with Dahringer and Muhbacher (1996), the similarities between the British and the French market in form of the product life cycle stage, enables Stiga to standardize its lawnmowers to these markets

## **Elements of a lawnmower subject to adaptation or standardization**

### External characteristics

According to Leonidou (1996), external characteristics of the product, that is design, style and quality, has historically been minimally adapted. Size dimensions have received slightly more adjustments. At Stiga, the importance of these external characteristics of the product had more to do with the type of distribution that was used. In contrast to Leonidou (1996), design was more subjected to adaptation. Moreover, this was more obvious in the U.K market, than in the French market. No other external characteristics, other than design, were found to have influence in adapting the product.

### Internal characteristics

Leonidou (1996), states that, of the internal characteristics, technical specifications have been adapted most extensively, although moderately. The way the product is constructed and its system of operation were only slightly differentiated. This is partly true for Stiga. There were however more than the technical specifications that were subjected to adaptation; more specifically, parts, construction method in the U.K. In France, simply parts were influencing.

### Packaging

Literature suggest that overall, the packaging of products were subjected to moderate changes, with the type of construction being the one most exposed to alterations. The packaging dimension includes features such as appearance, size, color and type, according to Leonidou (1996). However, Stiga does not adapt these features to specific markets. Packaging was standardized to all countries. The differences in packaging had more to do with the type distribution channel used. Therefore, a slight adaptation could be recognized.

### Labeling

According to Leonidou (1996), studies of the dimensions most commonly subjected to alterations of consumer goods have revealed several interesting findings concerning labeling. Labeling and symbols exhibited a very high differentiation; especially information on ingredients, production/expiry dates, manufacturing origin and changes in the language

written and instructions for use. This does however not apply to Stiga. Instead of adapting labeling, in terms of language, to all countries, this was standardized by using pictures instead of text. In contrast to literature (Leonidou, 1996), either language, symbols, text or instructions were subjected to adaptation by Stiga in the U.K. or in France.

## Branding

According to Leonidou (1996), the branding area features name, language, trademark and positioning. The brand name of the product is to a large extent unaltered as were the symbols incorporated in the trademark. As far as brand positioning is concerned, this remained unchanged. In accordance with Leonidou (1996), Stiga did not make any changes to the brand between its markets. No changes were made specifically for the U.K market and the French market.

## Augmented product

Payne and Holt (2001), state that the augmented product deals with other issues around the product, such as service and customer advices. The augmented product has contributed that additional elements other than the product itself are adding value to a product. In accordance with Payne and Holt (2001), Service was adding value to the product in both countries investigated. However, there were differences in terms of how this service was used. There was much more product testing available and money back guarantee in the U.K than in France. However, except from this, the service conditions were more or less similar in these two countries.

### 6.1.2 Jonsered AB

Here, a within-case analysis of the data collected from Jonsered will be performed.

## **Factors influencing adaptation of lawnmowers**

### Physical factors

In accordance with Leonidou (1996), Jonsered consider the physical factors to have a relatively strong influence on adaptations. In the U.K. and France, the natural conditions were the one factor that influenced adaptations the most. The climate, territorial size and the compatibility with locally produced items did not influence product adaptation.

### Demographic factors

According to Leonidou (1996), the most important factor influencing product adaptation is the population growth/size. This was also true in the case of Jonsered, where they consider the population size to may have an effect on the size of the consumer's garden. In France the gardens are generally smaller and in the U.K. the gardens are generally slightly larger. This factor was considered to be the most important demographic factor influencing product adaptation in both countries. The population growth and structure did not influence adaptation in either market.

### Socio-cultural factors

Leonidou (1996) suggests that language is the most influential socio-cultural factor, followed by the consumer's preferences, influencing product adaptation. In Jonsered's case, language

were considered an important factor of influence, but the factor considered to be most important, in both the U.K. and France, were the tastes, values and attitudes of the consumers. In accordance with Leonidou (1996), religion, education, literacy and aesthetics were considered to be a less important influence on product adaptation.

#### Economic factors

In similarity with what Leonidou (1996) suggests, due to similarity of the British and French economical factors, the influence of these factors, in both markets, were minimal. The consumer's disposable income, infrastructure facilities, the economic situation and export market lag were not considered to influence product adaptation. However, in accordance with Johnson and Arunthanes (1995), the competitive intensity, in both markets, positively affected product adaptation.

#### Political-legal factors

In contrast what Leonidou (1996) suggests, concerning political-legal factors, these factors did not influence product adaptation in either the U.K. or France. This is because an increased standardization of rules and regulations within the EU region. Either of the political-legal factors technical standards, measurement units, legal restrictions, government controls or taxation policies did influence product adaptation in either market.

### **Factors influencing standardization of lawnmowers**

#### Market characteristics

In accordance with Dahringer and Muhbacher (1996), market similarities positively affects products standardization, both in the U.K. and in France. The market characteristics in the U.K. and France that were considered to be the most influential on product standardization were the similarity of the markets, the liberalization of trade and the economic integration. Improved living standards, homogenous consumer needs and consumer priorities did not influence product standardization in these two markets.

#### External characteristics

In contrast with what Dahringer and Muhbacher (1996) suggests, concerning the external characteristics, Jonsered did not consider the geography and climate in the U.K. and France to influence product standardization in either. Even though these factors are similar, other factors, such as consumer preferences, made it impossible to standardize the product based on the external characteristics. However, in accordance with Dahringer and Muhbacher (1996), the political/legal factors, socio-cultural factors and the internationalization of world economies did influence product standardization positively in both markets. Technological advancements did not influence product standardization in either market.

#### Corporate environment and financial factors

In accordance with Dahringer and Muhbacher (1996), the major influential factor of product standardization, in both the U.K. and France, were considered to be the financial factors. Of these factors, the most important was considered to be economies of scale, followed by economies in R&D and economies in marketing. Capital investments could also, in similarity

with the literature (Dahringer & Muhbacher, 1996) be said to be an important factor of product standardization. Finally, in contrast with Dahringer and Muhbacher (1996), the management control at Jonsered was not considered to be an influencing factor of product standardization in either market.

### The product

In accordance with Dahringer and Muhbacher (1996), the stage, in which Jonsered's products currently are in, regarding the product-life cycle, did influence product standardization. This was because Jonsered's products, more or less, were in the same stage in both the U.K. and in France.

## **Elements of a lawnmower subject to adaptation or standardization**

### External characteristics

In accordance with Leonidou (1996), the external characteristics of Jonsered's products, both in the ones sold and marketed in the U.K. and in France, were subjected to slight adaptations. However, according to Leonidou, the dimensions of the product are more frequently exposed to alterations than the other external characteristics, which not was the case for Jonsered's products. The quality and the dimensions of the products were not altered at all. Furthermore, in Jonsered's case, the major adaptations to the external characteristics could be found in the design and style of the products, both in the U.K. and in France.

### Internal features

According to Leonidou (1996), of the internal features, the technical specifications is the one adapted most extensively, however, the adaptation is mostly moderate. The way the product is constructed and its system of operation are only slightly adapted. This is generally true for Jonsered's products in the U.K. and France. The only difference was that the dimensions that were subjected to most adaptation was to the parts and the construction method, instead of the technical specifications, that were only slightly adapted.

### Packaging

The literature suggests that the packaging of products generally receive moderate adaptations, with the type of construction being the most adapted. (Leonidou, 1996) In Jonsered's case, the packaging of their products, both in the U.K. and in France, were not subjected to any alterations at all. The appearance, size, color and type of construction were standardized in these two markets.

### Labelling

Labelling is, according to Leonidou (1996), generally exhibited to a very high level of adaptation. The label symbols, text, language and instructions all are commonly subjected to major adaptations. In Jonsered's case, the overall adaptation of the labels is moderate. The instructions are adapted to the language spoken in the specific country, i.e. English in the U.K. and French in France. Furthermore, the text is written in different ways, depending on the different laws concerning the product in different countries. The symbols are also adapted to both the U.K. and to France, depending on slight differences in standards and laws.

## Branding

In accordance with Leonidou (1996), the branding dimensions; name, language, trademark and positioning, were all standardized in both the U.K. and France.

## The augmented product

When it comes to services connected to Jonsered's products, in terms of warranty, only slight adaptations were made to the U.K. In France the services were adapted.

### *6.1.3 Husqvarna*

Here, a within-case analysis of the data collected from Husqvarna will be performed. Each point within all three research questions will be discussed and analyzed.

## **Factors influencing adaptation of lawnmowers**

### Physical factors

Leonidou (1996) suggests that physical factors have a relatively strong influence on product adaptation. In Husqvarna's case, both in the U.K. and in France, the emphasis lie on the consumer's situation, rather than the physical factors; natural conditions, climate, territorial size and compatibility with locally produced items.

### Demographic factors

In accordance with Leonidou (1996) the demographic factor considered to be most influential on product adaptation to Husqvarna, in both the British and the French market, was the population size. This was because of this demographic factor, different kinds of lawnmowers were preferred in the two markets. In the U.K. the lawns are generally smaller than in France, which increased the demand for smaller lawnmowers. The other demographic factors; population growth and structure did not influence product adaptation in either market.

### Socio-cultural factors

In contrast with what Leonidou (1996) suggests, concerning the socio-cultural factors, the most important factor, in Husqvarna's case, was considered to be the consumer tastes in both the U.K. and in France. An example of these differences in consumer tastes was the "Roller", preferred in the U.K., which creates patterns when mowing the lawn. The other factors; consumer values and attitudes, religion, education, literacy and aesthetics were considered to be of minimal influence on product adaptation.

### Economic factors

In accordance with Leonidou (1996), due to the similarity of the British and French economical factors, the influence of these factors on product adaptation, in both markets, were minimal. Neither of the consumer's disposable income, infrastructure facilities, the economic situation and export market lag were considered to influence product adaptation either. Furthermore, in contrast with Johnson and Arunthanes (1995), the competitive intensity, in neither of the two markets, did positively affected product adaptation.

## Political-legal factors

In contrast what Leonidou (1996) suggests, concerning political-legal factors, these factors did not influence product adaptation in either the U.K. or in France. This is because European standards are being used more and more, which makes it easier to standardize products. Neither of the political-legal factors; technical standards, measurement units, legal restrictions, government controls or taxation policies were considered to influence product adaptation in either market.

## **Factors influencing standardization of lawnmowers**

### Market characteristics

In accordance with Dahringer and Muhbacher (1996), market similarities positively affects products standardization, both in the U.K. and in France. The most influential factor, concerning product standardization in both markets, was considered to be the similarity of the markets, followed by the liberalization of trade and the economic integration. Improved living standards, homogenous consumer needs and consumer priorities were not considered to be influential on product standardization in these two markets.

### External characteristics

In contrast with what Dahringer and Muhbacher (1996) suggests, concerning the external characteristics, Husqvarna did not consider the geography, climate, socio-cultural factors or technological advancements to have an influence on product standardization in either the U.K. or France. However, in accordance with Dahringer and Muhbacher (1996), the political/legal factors and the internationalization of world economies did influence product standardization positively in both markets.

### Corporate environment and financial factors

In accordance with Dahringer and Muhbacher (1996), the major influential factor of product standardization, in both the U.K. and France, were considered to be the financial factors. Of these factors, the most important one was considered to be economies of scale. Economies in R&D, economies in marketing and capital investments could also, in accordance with Dahringer and Muhbacher (1996) be said to be influential on product standardization. Finally, in contrast with Dahringer and Muhbacher (1996), the management control of Husqvarna was not considered to be an influencing factor of product standardization in either market.

### The product

In accordance with Dahringer and Muhbacher (1996), since the product life cycle stage, in which Husqvarna's products currently are in, both in the U.K. and in France, this factor could be said to have a positive influence on product standardization in both markets.

## **Elements of a lawnmower subject to adaptation or standardization**

### External characteristics

According to Leonidou (1996), external characteristics of the product, that is design, style and quality, has historically been minimally adapted. Size dimensions have received slightly more adjustments. In accordance with Leonidou (1996), design was minimally adapted to both the U.K. and the French market. Between the U.K. and France there are no differences. Neither style, quality or dimensions did affect adaptation decisions according to Carenborn.

### Internal characteristics

Leonidou (1996), states that, of the internal characteristics, technical specifications have been adapted most extensively, although moderately. The way the product was constructed and its system of operation were only slightly differentiated. Technical specifications were however adapted more than moderate at Husqvarna. Smaller width standards on the lawnmower's blade and extra product features were more common in the U.K. market, than in the French market. Moreover, the construction method and system of operation at Husqvarna's products were similar to all markets.

### Packaging

Literature suggest that overall, the packaging of products were subjected to moderate changes, with the type of construction being the one most exposed to alterations. The packaging dimension includes features such as appearance, size, color and type, according to Leonidou (1996). None of the above features of packaging were subjected to adaptation to different markets. The same appearance, size, color and types of packaging were used to all markets at Husqvarna.

### Labeling

According to Leonidou (1996), studies of the dimensions most commonly subjected to alterations of consumer goods have revealed several interesting findings concerning labeling. Labeling and symbols exhibited a very high differentiation; especially information on ingredients, production/expiry dates, manufacturing origin and changes in the language written and instructions for use. None of these are subjected to adaptation at Husqvarna. All languages and measurement standards are included in the instructions. Cost efficiency is the reason why no instructions are adapted to specific markets, such as the U.K. and the French.

### Branding

According to Leonidou (1996), the branding area features name, language, trademark and positioning. The brand name of the product is to a large extent unaltered as were the symbols incorporated in the trademark. As far as brand positioning is concerned, this remained unchanged. In accordance with Leonidou (1996), the brand name and trademark of Husqvarna is not subjected to change. This applies to both the U.K. and the French market. However, concerning the positioning Husqvarna has different strategies in the two countries because of differences in consumer preferences between the two.

## Augmented product

Payne and Holt (2001), state that the augmented product deals with other issues around the product, such as service and customer advices. The augmented product has contributed that additional elements other than the product itself are adding value to a product. Product services after purchasing the lawnmower were similar in the U.K. and in France. However, there were differences in costumer advices between them. This had to do with different distribution channels in the two markets, which were a result of consumer preferences.

## 6.2 Cross-case analysis

In this section a cross-case analysis will be presented, where the cases investigated will be compared to each other.

### 6.2.2 Factors influencing adaptation of lawnmowers

Table 6.1 shows our conceptual framework for research question one and shows, within each case, if an adaptation was identified (Y), partially identified (P), or not identified (N).

How can the factors influencing product adaptation be described	Stiga		Jonsered		Husqvarna	
	U.K	France	U.K	France	U.K	France
<b>Physical factors</b>						
Natural conditions	N	N	Y	Y	N	N
Climate	N	N	N	N	N	N
Territorial size	N	N	N	N	N	N
Compatibility	N	N	N	N	N	N
<b>Demographic factors</b>						
Population size/growth	N	N	Y	Y	Y	Y
Household size	N	N	N	N	N	N
Population structure	Y	Y	N	N	N	N
<b>Socio-cultural factors</b>						
Language	N	N	Y	Y	N	N
Tastes and habits	Y	Y	Y	Y	Y	Y
Education	N	N	N	N	N	N
Literacy	N	N	N	N	N	N
Aesthetics	N	N	N	N	N	N
Values and attitudes	Y	Y	Y	Y	N	N
Religion	N	N	N	N	N	N
<b>Economic factors</b>						
Disposable income	N	N	N	N	N	N
Infrastructure facilities	N	N	N	N	N	N
Economic situation	Y	Y	N	N	N	N
Export market lag	N	N	N	N	N	N
Competitive intensity	N	N	Y	Y	N	N
<b>Political factors</b>						
Technical standards	Y	P	N	N	N	N
Measurement units	Y	P	N	N	N	N
Legal restrictions	P	Y	N	N	N	N
Governmental control	P	Y	N	N	N	N
Taxation policies	N	N	N	N	N	N

Table 6.1: Cross-case analysis of research question one

As visualized in table 6.1, the physical factors showed, in contrast with Leonidou (1996), to have minimal influence on product adaptation in both the U.K. and France, in all three cases. Only Jonsered considered natural conditions to have influence on adaptations of their products. When it comes to the demographic factors, the size of the lawn was considered to be an influential factor. However, while Jonsered and Husqvarna considered the size of the

population to be the major determinant of this, Stiga rather looked at the structure of the population. In accordance with the Leonidou (1996), the population size showed to be the most influential demographic factor.

Of the socio-cultural factors, tastes and habits were, in both countries and in all three cases, considered to be a factor influencing product adaptation. Language was, in contrast with Leonidou (1996), only considered to be influential by Jonsered, which also considered values and attitudes to have an influence. None of the companies considered education, literacy, aesthetics or religion to have any influence on product adaptation in either the U.K. or in France.

The economic factors were, in contrast with Leonidou (1996), generally not influential at all on product adaptation. However, in Stiga's case the economic situation was considered to be important and in Jonsered's case the competitive intensity was affecting product adaptation. The disposable income, infrastructure facilities and export market lag was not considered to influence product adaptation in either market by any company.

The influence of the political factors did differ between the three cases. In Stiga's case, technical standards and measurement units showed to have an influence on product adaptation in the U.K., while these two factors only had partial influence on product adaptation in France. Legal restrictions and government control showed to be influential in France, while only partially influential in the U.K. In Jonsered and Husqvarna's case neither of the political factors were considered to have influence on product adaptation in either the U.K. or France.

Over all, a pattern that evolved by analyzing the influencing factors in the three cases, showed to be that the same factors were considered to have influence in both the U.K. and France.

## 6.2.2 Factors influencing standardization of lawnmowers

Table 6.2 shows our conceptual framework for research question two and shows, within each case, if standardization was identified (Y), partially identified (P), or not identified (N).

How can the factors influencing product standardization be described?	Stiga		Jonsered		Husqvarna	
	U.K	France	U.K	France	U.K	France
<b>Market characteristics</b>						
Market similarities	Y	Y	Y	Y	Y	Y
Living standards	N	N	N	N	N	N
Trade liberalization	Y	Y	Y	Y	Y	Y
Economic integration	Y	Y	Y	Y	Y	Y
Homogenous needs	P	P	N	N	N	N
Consumer priorities	N	N	N	N	N	N
<b>External environment</b>						
Political/legal forces	P	P	Y	Y	Y	Y
Socio-cultural factors	N	N	Y	Y	N	N
Geography	N	N	N	N	N	N
Climate	N	N	N	N	N	N
Internationalization	Y	Y	Y	Y	Y	Y
Technological Advancements	N	N	N	N	N	N
<b>Corporate and financial factors</b>						
Management control	N	N	N	N	N	N
Price	Y	Y	Y	Y	Y	Y
Capital investments	Y	Y	Y	Y	Y	Y
Economies of scale	Y	Y	Y	Y	Y	Y
Economies in R&D	Y	Y	Y	Y	Y	Y
Economies in Marketing	Y	Y	Y	Y	Y	Y
<b>The product</b>						
The PLC	Y	Y	Y	Y	Y	Y

Table 6.2: Cross-case analysis of research question two

As seen in table 6.2, the different market characteristics are to a large extent influencing adaptation similarly in all three cases. Moreover, there are no differences in how these market characteristics are influencing in the U.K. and in France. The single characteristic that differs between the cases is homogenous consumer needs. According to Stiga, similarities between the two markets also apply to consumer needs. In accordance with Dahringer and Muhbacher (1996), market characteristics can generally be said to more than moderate influence standardization in all three cases.

In contrast to Dahringer and Muhbacher (1996), concerning the external environment, the analysis shows that generally just a few factors are influencing standardization in all three cases. Political and legal factors and internationalization has shown to be most influential for the companies in both markets. Jonsered differentiate itself by also including socio-cultural

factors as important, which match Dahringer and Muhbacher (1996), suggesting that this factor playing a major role.

As clearly seen in table 6.2, corporate and financial factors are influencing standardization similarly in all the three cases. Furthermore, there are no differences between the U.K. and France in this area. Management control is the one single factor that did not show to be influencing standardization. In accordance with Dahringer and Muhbacher (1996), corporate and financial factors can therefore, to a large extent, be said to influence standardization.

Because of similar product life cycle stage in both the British and the French market, the PLC can in table 6.2 be seen to influence standardization in all the three cases. This also match the literature by Dahringer and Muhbacher (1996), suggesting that similar stages in the PLC is affecting standardization decisions.

Overall, there are only small differences between the three cases. Generally, the factors influencing adaptation do this in almost the same pattern, if comparing the three companies. There are however a few dissimilarities. These have more to do with differences between the companies studied, than differences between the markets U.K. and France.

### 6.2.3 Elements of a lawnmower subject to adaptation or standardization

Table 6.3 shows our conceptual framework for research question three and shows, within each case, if an adaptation was identified (Y), partially identified (P), or not identified (N).

How can various elements of a product, in the gardening industry, which are subjected to adaptation or standardization, be described?	Stiga		Jonsered		Husqvarna	
	U.K	France	U.K	France	U.K	France
<b>External characteristics</b>						
Design	Y	P	Y	Y	N	N
Style	N	N	Y	Y	N	N
Quality	N	N	N	N	N	N
Dimensions	N	N	N	N	N	N
<b>Internal features</b>						
Parts	Y	Y	Y	Y	Y	Y
Construction method	Y	N	Y	Y	N	N
Technical specifications	Y	N	P	P	Y	Y
Operating system	N	N	N	N	N	N
<b>Packaging</b>						
Appearance	P	P	N	N	N	N
Size	N	N	N	N	N	N
Color	P	P	N	N	N	N
Type	N	N	N	N	N	N
<b>Labeling</b>						
Language	N	N	Y	Y	N	N
Symbols	N	N	Y	Y	N	N
Text	N	N	Y	Y	N	N
Instructions	N	N	Y	Y	N	N
<b>Branding</b>						
Name	N	N	N	N	N	N
Language	N	N	N	N	N	N
Trademark	N	N	N	N	Y	Y
Positioning	N	N	N	N	Y	Y
<b>The augmented product</b>						
Services	Y	Y	P	Y	Y	Y

Table 6.3: Cross-case analysis of research question one

As shown in table 6.3, over all, the external characteristics are exposed to moderate alterations. Design was altered in Stiga and Jonsered's case in both markets, however only partially for Stiga in France. In Jonsered's case the style of the product was also adapted in both markets. In contrast with Leonidou (1996), quality and dimensions remained unaltered in both markets for all three companies. Husqvarna did not adapt any external characteristic.

Of the internal features, technical specifications were, in accordance with Leonidou (1996), more or less adapted to both markets by all three companies. An exception was Stiga, which only adapted the technical specifications to the British market. Furthermore, adaptations made to parts were also made in all three cases. Adaptation of the construction method was done by Stiga in the U.K. and by Jonsered in both the U.K. and France. The operating system was, in contrast with Leonidou (1996), not altered at all by any company in any market.

In contrast with Leonidou (1996), none of the dimensions related to packaging were adapted to any market by any company.

As seen in table 6.3, labeling characteristics was only seen as an influencing factor by Jonsered. This furthermore applied to both the British and the French market. This is in contrast to Leonidou (1996), suggesting labeling characteristics to be highly differentiated to foreign markets.

Concerning branding, one can see that this product element is almost not subjected to adaptation at all in the three cases. Branding characteristics are standardized in all three companies and to both markets, except for trademark and positioning, which Husqvarna consider to be subjected to adaptation in both markets. This is in contrast with Leonidou's (1996) findings; that brand positioning remains unchanged.

Finally, services as an element of a product can be seen to influence adaptation to large extent. Only in one case (Jonsered, U.K.), adaptation was not fully identified. Except for this particular case, adaptation was identified elsewhere and in both markets.

Over all, the dimensions subjected to alterations in the U.K. and France were, more or less, the same.

## 7 Findings and conclusions

*In this chapter the main findings and conclusions, based on our study, will be presented. Here, we provide answers to the research questions. The final section of this chapter will provide implications for management, implications for theory and implications for further research.*

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### 7.1 How can the factors influencing adaptation in the gardening industry be described?

To describe the factors influencing product adaptation in the gardening industry we have found that different companies consider the importance of different factors differently. However, two major factors could be identified to be more influential than the other; the demographic factors and the socio-cultural factors.

Of the demographic factors population size were considered to be the most important demographic factor by Jonsered and Husqvarna, whereas Stiga considered population structure to be the most important factor. All three companies considered the demographic factors to affect the size of the lawns in the two markets. However, the difference between them was that Jonsered and Husqvarna considered population size to be the strongest driver of determining the size of the lawns, while Stiga considered population structure to be the strongest driver of determining this.

Of the socio-cultural factors, two major influential factors could be identified; tastes and habits and values and attitudes. All three companies considered tastes and habits to be influential in both markets. This could therefore be said to be the single most influential factor concerning product adaptation. Furthermore, values and attitudes were considered to be important by Stiga and Jonsered in both the U.K. and France. The reason why both tastes and habits and values and attitudes were considered to be so important might be because these two factors may be the ones that differ the most. Even when comparing all factors, including the physical factors, the demographic factors, the socio-cultural factors, the economic factors and the political factors, and especially when it comes to the U.K. and France.

When it comes to the physical factors, these could be said to have minimal influence on product adaptation. Only Jonsered considered natural conditions to be influential. The reason these factors do not have a major impact on product adaptation, may be because the physical factors, natural conditions, climate, territorial size and compatibility with locally produced items, are rather similar in Northern and Central Europe.

The economic factors showed to have low influence on product adaptation. The only factors that were considered to have influence were the economic situation, by Stiga, and the competitive intensity, by Jonsered. None of the other factors, disposable income, infrastructure facilities and export market lag, were considered to have any influence at all on product adaptation, in any of the three cases. In similarity with the physical factors, the reason why the economic factors not were found to have influence on product adaptation, might be because these factors are very similar in the U.K. and France. Especially since both countries are members of the EU.

The political factors were found to have minimal influence on product adaptation. Only Stiga considered these factors to have influence, to some extent. The reason these factors were

considered to be of less importance might be because they, in similarity with the physical and economic factors, are similar in these two markets.

Over all, one can conclude that whenever factors in two markets are similar, the influence on product adaptation is decreased. Moreover, a pattern that could be identified was that companies seem to consider the same factors to have influence on product adaptation in both the U.K. and France. Furthermore, when a company considered a factor important in one market, this also applied to the other market.

To summarize the conclusions of research question one, a list of the most important factors influencing product adaptation in the gardening industry in the U.K. and France, has been assembled; starting with the most important.

1. Socio-cultural factors
2. Demographic factors
3. Economic factors
4. Political factors
5. Physical factors

## **7.2 How can the factors influencing standardization in the gardening industry be described?**

When looking at the factors influencing product standardization in the gardening industry, several factors could be identified to be influential. The most influential was corporate and financial factors, followed by market characteristics and the product life cycle.

Of the corporate and financial factors price, capital investments, economies of scale, economies in R&D and economies in marketing were considered to have very high influence on product adaptation, by all three companies in both the U.K. and France. This might be because these factors affect cost efficiency, and ultimately at what price level the company is able to compete at. Furthermore, these factors also directly affect profit.

When it comes to the market characteristics, the three least influential factors were found to be living standards, homogenous consumer needs and consumer priorities. Market similarity, trade liberalization and economic integration were found to be of very high influence on product standardization, in all three cases. Similar markets are of course a major incentive of standardizing products. The fact, that all companies considered market similarity to be influential on product standardization, in both the U.K. and France, proves the similarity between these markets. Furthermore, the reason trade liberalization and economic integration were considered to be influential factors, might be because of the EU and the similarity of the markets

The product life cycle showed to have influence in all three cases, in both markets. This is simply because the products are in the same stage of the PLC, and therefore the companies are able to offer the same products in the two markets.

EU might also be the reason why internationalization and political/legal factors, of the external factors, were considered to have influence on product standardization, in all three cases. Concerning the other external factors, no pattern was able to be identified.

Over all, one can say that increased market similarities influences increased product standardization. Moreover, companies tend to consider the same factors to have the same influence on product standardization in both the U.K. and France.

To summarize the conclusions of research question two, a list of the most important factors influencing product standardization in the gardening industry in the U.K. and France, has been assembled; starting with the most important

1. Corporate and financial factors
2. Market characteristics
3. The product life cycle
4. External environment

### **7.3 How can the various elements of a product in the gardening industry, which are subject to adaptation or standardization, be described?**

When looking at the various elements of products in the gardening industry, which are subjected to adaptations, few similarities were identified between the three cases. However, the element of the product that was most frequently subjected to alterations was internal features and the services connected to the product. Another interesting finding was that the packaging element was not exposed to any adaptation at all, in any market by any of the three companies.

Of the internal features, the parts of the product were adapted by all companies in both the U.K. and France. This might be because of differences in tastes, habits, values and attitudes between the two markets, which all were considered to be highly influential on product adaptation, might create a need to adapt specific components and parts of the product. Technical specifications, which also were subjected to a rather high degree of adaptation, might also be affected by the differences by the above mentioned factors. However, although parts and technical specifications were adapted, not all companies made changes to the construction method. This is probably because of cost reduction reasons, and it also shows that even though some elements of the product are subjected to alterations, others can still be standardized. Another example of this is the operating system, which also showed to be standardized in both markets, by all three companies.

The second element of the product, most extensively adapted, was the services connected to the product. All three companies adapted their services in both the U.K. and France. However, in the U.K. Jonsered only partially adapted this element. The reason why the services were adapted to both markets might be because differences in buying behaviour and what is considered to be socially accepted in the specific market, which ultimately has to do with differences in tastes, habits, values and attitudes. The major influence on product adaptation, in these two markets, was considered to be the socio-cultural factors.

Another element of the product that was, to some extent, affected by these socio-cultural factors, was the external characteristics. Stiga and Jonsered made some alterations to these characteristics, specifically to the design of the product.

Over all, the labelling of the product was exposed to minimal adaptation in both markets. However, a rather interesting finding was that Jonsered adapted all of the labelling elements; language, symbols, text and instructions.

Packaging, over all, was exposed to minimal adaptation by all three companies in both markets. However, in the case of Stiga, minor changes were made to the appearance and the colors of the package. This was because of the characteristics of the specific distribution channel. These adaptations had more to do with in what store the product was sold, rather than in what country. The reason packaging received minimal adaptation relates to cost reduction, which was considered to be the most influential factor of product standardization.

The branding element was subjected to a minimal degree of adaptation in both markets, by all three companies. Only Husqvarna adapted the trademark and positioning in the U.K. and France, which was because of different demands. However, the general conclusion, concerning the branding element, is that in order for the companies to project the same brand image, in both markets, this element has to be standardized. This could also have to do with cost reduction reasons, like economies in marketing.

To summarize the conclusions of research question three, a list of the elements most frequently subjected to product adaptation in the gardening industry in the U.K. and France, has been assembled; starting with the most important

1. Internal features
2. Services
3. External characteristics
4. Labelling
5. Branding
6. Packaging

## **7.4 Implications**

In this section, implications for management, implications for theory and implications for further research will be presented.

### *7.4.1 Implications for management*

After the conclusions and findings have been conducted, a number of issues, beneficial to corporate management, will be presented. These implications for management are listed below:

- When adapting gardening products to foreign markets, a number of factors must be taken into consideration, in order to be successful. When it comes to the U.K. and France, the consumer's tastes, habits, attitudes and values are the most differentiated factors. Therefore, it is crucial to evaluate these factors before making an adaptation decision. Furthermore, since the size of the consumer's lawns differ between the two markets, and also is a highly influential factor on consumer needs, this factor needs to be thoroughly investigated, in order to adapt products successfully.

- The most influential factor on product standardization is cost reduction. Economies of scale, economies in R&D and economies in marketing are all important tools for achieving this. However, other factors, such as the similarity between the markets, the degree of internationalization, can provide opportunities to standardize products. In the U.K. and France, specifically, the EU membership makes it significantly easier to standardize elements of the product related to political and legal factors.
- It is crucial to adapt the right elements of the product, in order to meet consumer needs. However, it also very important to do this in a cost effective way. This can be achieved by carefully adapting just a few elements, while standardizing others. In the U.K. and France, parts and technical specifications are examples of elements that should be adapted, while packaging, labelling and branding could be standardized.

#### *7.4.2 Implications for theory*

This thesis has deductively formulated a purpose and research questions, based on previous studies. Furthermore, the adaptation versus standardization issue has been explored, described and begun to be explained. The influences on product adaptation and product standardization, as well as which elements of the product that are subjected to adaptation and standardization have been explored through three case studies. Furthermore, the findings have been described and conclusions have been drawn, thus beginning to explain how these issues can be described. This thesis contributes to theory in that it provides an empirical investigation as to how well established theory correlate with the corporate world. Since there are no previous studies concerning the chosen industry, in the specific markets, this thesis also provides a foundation from which further studies may be done.

#### *7.4.3 Implications for further research*

In writing this thesis, a number of different issues have come up, which would be interesting to see future research done upon. Therefore, a list of these suggestions for further research will be presented below:

- To perform the same study on a larger number of companies.
- To perform the same study on companies in a different industry.
- To quantitatively investigate the relationship between market differences and product adaptation.
- To quantitatively investigate the relationship between market similarities and product standardization.
- To investigate the performance of adapted product versus standardized products.
- To investigate the specific differences in tastes, habits, values and attitudes between the U.K. and France.

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# **Appendix A: Interview guide in English**

## **General info**

- Name
- Position in company

## **Research question 1**

How can the factors influencing adaptation, in the gardening industry in the U.K. and France, be described?

- What physical factors influence product adaptation, in terms of natural conditions, climate, territorial size and compatibility with locally produced items? Why?
- What demographic factors influence product adaptation, in terms of population size/growth, household size and population structure? Why?
- What socio-cultural factors influence product adaptation, in terms of language, tastes and habits, education, literacy, aesthetics, values and attitudes and religion? Why?
- What economic factors influence product adaptation, in terms of disposable income, infrastructure facilities, economic situation, export market lag and competitive intensity in the export market? Why?
- What political-legal factors influence product adaptation, in terms of technical standards, measurement units, legal restrictions, government controls and taxations policies? Why?
- Is there anything you would like to add?

## **Research question 2**

How can the factors influencing standardization, in the gardening industry in the U.K. and France, be described

- What market characteristics influence product standardizations, in terms of market similarities, improved living standards, trade liberalization, economic integration, homogenous consumer needs and consumer priorities? Why?

- What factors of the external environment influence product standardizations, in terms of political/legal factors, socio-cultural factors, geography, climate, internationalization of world economies and technological advancements? Why?
- What corporate environment and financial factors influence standardization, in terms of management control, price, capital investments, economies of scale, economies in R&D and economies in marketing? Why?
- What factors concerning the product, in terms of product life cycle stage influence standardization? Why?
- Is there anything you would like to add?

### **Research question 3**

How can the various elements of a product, in the gardening industry in the U.K. and France, which are subjected to adaptation or standardization, be described?

- What external characteristics of the product, in terms of design, style, quality and dimensions are subjected to adaptation? How?
- What internal features of the product, in terms of parts, construction method, technical specifications and operating system are subjected to adaptation? How?
- What packaging characteristics of the product, in terms of appearance, size, color and type are subjected to adaptation? How?
- What labeling characteristics of the product, in terms of language, symbols, text and instructions are subjected to adaptation? How?
- What branding characteristics of the product are, in terms of name, language, trademark and positioning subjected to adaptation? How?
- What augmented characteristics of the product are, in terms of services connected to the product subjected to adaptation? How?
- Is there anything you would like to add?

## **Appendix B: Interview guide in Swedish**

### **Allmän information**

- Namn
- Position inom företaget

### **Research question 1**

Hur kan de faktorer som påverkar produktadaptering inom trädgårdsindustrin i England och Frankrike beskrivas?

- Vilka fysiska faktorer påverkar produktadaptering, i form av naturförhållanden, klimat, territorial storlek och kompatibilitet med lokalt producerade produkter? Varför?
- Vilka demografiska faktorer påverkar produktadaptering, i form av populationsstorlek/tillväxt, hushållsstorlek och populationsstruktur? Varför?
- Vilka socio-kulturella faktorer påverkar produktadaptering, i form av språk, smaker och vanor, utbildning, läskunnighet, estetik, värden och värderingar och religion? Varför?
- Vilka ekonomiska faktorer påverkar produktadaptering, i form av disponibel inkomst, infrastruktur, ekonomisk situation, fördröjningar i exportmarknaden och konkurrensintensitet? Varför?
- Vilka politiska-juridiska faktorer påverkar produktadaptering, i form av tekniska standarder, mätningenheter, juridiska restriktioner, statlig kontroll och skatteregler? Varför?
- Någonting att tillägga?

### **Research question 2**

Hur kan de faktorer som påverkar produktstandardisering inom trädgårdsindustrin i England och Frankrike beskrivas?

- Vilka karaktärsdrag av marknaden påverkar produktstandardisering, i form av likheter mellan marknaderna, förbättrad levnadsstandard, handelsliberalisering, ekonomisk integration, homogena konsumentbehov och konsumenters prioriteringar? Varför?

- Vilka externa miljöfaktorer påverkar produktstandardisering, I form av politiska/juridiska faktorer, socio-kulturella faktorer, geografi, klimat, internationalisering av världsekonomier och teknologiska framsteg? Varför?
- Vilka företagsmiljöfaktorer och finansiella faktorer påverkar standardisering, I form av kontroll från ledningen, pris, kapitalinvesteringar, massproduktion, skalfördelar inom forskning och utveckling och skalfördelar inom marknadsföring? Varför?
- Vilka produktfaktorer påverkar produktstandardisering, i form av steg i produktlivscykeln? Varför?
- Någonting att tillägga?

### **Research question 3**

Hur kan de olika dimensioner av en produkt inom trädgårdsindustrin i England och Frankrike, som är föremål för adaptering eller standardisering beskrivas?

- Vilka externa karraktärsdrag av produkten, i form av design, stil, kvalitet och dimensioner, är föremål för adaptering? Hur?
- Vilka interna delar av produkten, i form av delar, konstruktionsmetod, tekniska specifikationer och operativsystem? Hur?
- Vilka karraktärsdrag rörande paketering av produkten är föremål för adaptering, i form av utseende, storlek, färg och typ,? Hur?
- Vilka karraktärsdrag rörande märkning av produkten är föremål för adaptering, i form av språk, symboler, text och instruktioner? Hur?
- Vilka karraktärsdrag rörande varumärket är föremål för adaptering, i form av språk, trademark och positionering? Hur?
- Vilka karraktärsdrag rörande service knuten till produkten är föremål för adaptering? Hur?
- Någonting att tillägga?