

ADAPTATION OF INTERNATIONAL MARKETING COMMUNICATION MIX IN EXPORTER COMPANIES OF LATVIA

Ieva Puke¹, MBA; **Anda Batraga**², Dr.oec., as.prof.

^{1, 2} University of Latvia

Abstract. Developing an international marketing strategy, companies need to make decisions regarding communication adaptation to export market needs. According to the authors' previous research, successful export companies from small countries need to provide medium to high adaptation level for international marketing promotion plan. There are number of factors that influence choice of marketing tools in SMEs: cultural & geographical factors, economic development and legislation in target markets, selected route to market, target customer segments and particularly limited marketing budgets.

The article represents a research that empirically assesses the practices for adapting marketing communication strategies, particularly, the choice and efficiency of marketing tool mix in the largest Latvian exporter companies. The study also evaluates the factors of influence on marketing tool mix and reveals that companies from Latvia mostly use glocalization strategy in export markets.

Keywords: international marketing, marketing tools, export, adaptation.

JEL kods: M31

Introduction

The aim of the research is, based on international marketing strategy development conceptual study, to assess the adaptation practices of marketing communication strategies, particularly the choice and efficiency of marketing communication tool mix in the largest Latvian exporter companies. **The research object** is adaptation of international marketing communication strategy. **The tasks of the research** are to measure usage frequency of marketing tools in international marketing mix, to evaluate their efficiency, to explore the factors that influence choice of marketing tools and to draw conclusions on the adaptation of international communication strategies of Latvian exporter companies.

Over the course of the study, the practices for the adaptation of the international marketing communication strategies were assessed in the context of global academic research. The study is limited to the expert evaluation of a selected product category and specified export markets.

The research method applied is Expert survey of eight specifically invited marketing and exports managers from Latvian exporter companies, representing the following industries: dairy, confectionery, bakery and alcoholic beverages product production, pharmacology,

transport, IT services. Experts were selected among companies represented in "TOP 100 Best Exporting Brands from Latvia" – a research conducted by Latvian Chamber of Commerce and partners, identifying the largest and most visible export companies which comprise 20% of total export value in Latvia (Latvijas izcilako eksporta zīmolu petījums..., 2013). Out of ten selected experts six responded, thus, two other experts were invited providing wider scope of industries covered.

The most often specified export markets that were evaluated are: Russia, Lithuania, Estonia, the CIS countries, other EU countries, the USA and Israel. The Expert survey was conducted in May–November, 2015. Experts represented the following companies: SIA "NP Foods", A/S "Rīgas Piena Kombināts", SIA "Latvijas Piens", A/S "AirBaltic", SIA "ELVA Baltic", A/S "Grindeks", AS "Latvijas Balzams", SIA 'Fazer Bakery Baltic'. In the following compilation of the research results, these responses will be used only in a generalised form, without singling out any specific companies.

Research results present an assessment by experts on usage frequency of 12 export marketing communication tools (adapted from Keller K.L., 2001), using scale of four degrees: '0-never use, 1-rarely use, 2-often use, 3-always

¹Corresponding author. Tel.: + 371 26484055; E-mail address: ieva.puuke@gmail.com

²Corresponding author. Tel.: + 371 29224223; E-mail address: anda.batraga@lu.lv

use'. The term marketing tools includes all marketing communication aids and activities. The same export marketing tools were also evaluated by experts on their perceived return, using scale of five points '1-low return, 5-very high return'. Six factors of influence on choice of export marketing tools were identified and evaluated by experts: cultural and geographical factors, legislation, customer segments, type of distribution and allocated marketing budget. Finally, experts chose among global, glocal and local communication strategies as mostly used in their companies.

The expert questionnaire was developed, taking into account the recommendation from Theodosiou M., Leonidou L. C. (2003), who have analysed a large number of empirical studies in the field of marketing standardisation and adaptation to focus the research on a specific product or a product line, instead of evaluating practices across the whole company.

Theoretical background

Communication is a major part of international marketing strategy. International or export marketing communication is cross cultural – communication between a person in one culture and a person or persons in another culture (Albaum G.S. et al 2005). Many studies discuss forces that drive adaptation or standardisation of international marketing strategies. The standardised advertising message may not always be suitable for all the segments of the market, as there are national differences, consumers' perception and knowledge about the product can differ, and so can differ the perception of the advantages of the product. The factors that prevent a full standardisation are related to the matters of translation, compliance with the regulations and the content of the message (Harris G., Attour S., 2003). Advertising standardisation can be used if such conditions apply: advertisement consists mainly of visual message; it features international celebrities,

Jelgava, LLU ESAF, 21-22 April 2016, pp. 181-182 well-known symbols and trademarks; music is important part of the communication (Doole I., Lowe R., 2008.). Small company managers often admit that they have achieved success in exports thanks to the adaptation of marketing communication for different markets. Small companies cannot achieve the economy of scale but are more flexible in adaptation (Stoian, 2010). Popular approach is for company to do some of both: go native and do as it does at home (Terpstra V., Russow L.C., 2000). Finding the right balance between standardisation and localization of marketing practices is called glocalization. Drivers of international marketing communications adaptation are the cultural differences. The cultural values have a significant effect on communication since they represent the most basic and core beliefs of society and these beliefs largely influence the communication patterns (Singh *et al* 2003).

Export marketing communication and promotion decisions can be reduced to: what message, which marketing tools, how much effort and money to spend. This article focuses on the choice of marketing tools in international promotion mix. The authors' previous studies show that promotion elements, including advertising, sales promotion, public relations, media channel allocation, personal selling have high adaptation level - 70% (100% means total adaptation and 0% – total standardization) (Batruga A., Puke I., 2014).

Public relations should be a part of communication mix for international companies, because positive publicity is very valuable – due to its independent nature, it is more credible than advertising. Multinational corporations frequently experience negative publicity. In general, there is a negative perception of multinational firm dominance and globalization (Lascu D.N., 2006), for example, McDonalds is constantly struggling with negative image questioning the quality of their food. General strategies for maximizing benefits of publicity in international markets are:

¹Corresponding author. Tel.: + 371 26484055; E-mail address: ieva.puuke@gmail.com

²Corresponding author. Tel.: + 371 29224223; E-mail address: anda.batruga@lu.lv

to supplement ad campaigns with publicity campaigns, to provide high quality translations, to use publicity to attract new distributors and as a sales lead, to include detailed information in the press release (Walshak H.T., 1990).

Sales promotions are particularly effective if they are part of an integrated communications strategy. The customers' perception of the relative value of various promotions depends largely on their cultural values and differences, which lead to certain types of sales promotion being very successful in one country but failing in another (Doole I., Lowe R., 2008). Certain types of **POS advertising**, such as displays can be more standardized within international markets. They do not rely on words, so different language versions may not be necessary; they speak an international language by reinforcing logos and emphasizing brand image visually (Lascu D.N., 2006; Parker D., 1996). Research suggests that European and US consumers make more than 50% of their purchase decisions at the point-of-sale. Therefore, POS advertising expenditures constitute an increasingly higher percentage of overall promotional expenditures worldwide (Lascu D.N., 2006).

Along with growing internet sales and technology development, consumers no longer always buy in store. The point of sales is now where consumer is, and it could be anywhere. Consumers have started to involve their smartphones in shopping behaviour. Study has found that 55% of customers use their mobile phones when they are in a shop, with the majority (54%) using it to compare prices for an item online (Hathaway S., 2014). It has turned retailers into show-rooms: customers choose the item in store but buy online at a lower price. The purchase behaviour is changing for products that take longer decision making time, e.g. consumer electronics. For FMCG decisions still are mostly made in store and POS advertising can influence them. A study using eye tracking experiment found that in-store attention is limited and that

Jelgava, LLU ESAF, 21-22 April 2016, pp. 181-183 higher attention can increase consideration and choice for new brands (Chandon P. et al., 2009).

Direct (personal) **selling** is an important component of international marketing strategy, especially for business-to-business transactions. It involves face-to-face interaction between the seller and the buyer or buyers team (Lascu D.N., 2006), also direct contact via telephone or internet (Skype, social networks, online chats). Such interaction between the two parties will be affected by their national culture. The level of psychological overlap will vary across three dimensions: national character, organizational culture and individual personality (Kale S.H., Barnes J., 1992).

Above-the-line advertising is the most visible form of communication, as it involves high reach media: TV, radio, press and outdoor advertising etc. It is often considered the most important part of communication strategy for consumer products but is also the most expensive and for small country SMEs often remains an inaccessible communication channel. There are considerable differences among different ATL media channels, for that reason it is essential to obtain data about each media channel effectiveness in order to make informed decisions about international media plans (Doole I., Lowe R., 2008). Shift from online and offline media has been observed. In developed countries where households have access to multiple channels, traditional media as TV is losing audiences to internet media, particularly in younger age groups. Only 70% of 16-26 year olds watch TV at least once week, while in age group 27-65 year olds the share is 92% (TNS Emor survey, 2015). Moreover, TV advertising is losing attention, because people simultaneously use multiple screen devices – e.g. watching TV and browsing smartphone or tablet. Other forms of TV advertising can be used instead: product placement or sponsorship of programmes.

Press is media which in large countries is highly regionalized and mass marketers find it

¹Corresponding author. Tel.: + 371 26484055; E-mail address: ieva.puuke@gmail.com

²Corresponding author. Tel.: + 371 29224223; E-mail address: anda.batraga@lu.lv

difficult to manage for national campaigns. It is easy to find circulation of national titles in small countries but high levels of readership of the press in country are still unusual (Doole I., Lowe R., 2008).

Some **websites** are clearly defined as marketplaces, other serve as part of corporate identity. Whichever is the company's aim, website should be adapted to target market country or at least speak its language. The global online population has now surpassed 3.3 billion users and more than 80% of these are not English speakers. While English is still the language with the highest penetration rate on the Internet, other language Web sites show much greater usage growth rates (internetworldstats.com, 2015). According to a survey across eight non-Anglophone nations, more than half of consumers buy only from Web sites that present information in their local language (DePalma et al., 2006). Extending online business success beyond the national level may require online marketing adaptation to the needs and wants of culturally different target populations (Bartikowski et al., 2015). Another survey found that more than 88% of Internet executives of multinational companies think website cultural adaptation is important or somewhat important to their company, and most of them see it as an important strategic priority (Singh N., 2012). A study of 47 international websites, using content analysis showed that international companies use glocalization strategies in depicting cultural values in their website content and appearance (Sutikno B., Cheng J.M.S., 2012). Within the context of web site content, glocalization refers to the consistency of underlying themes, structures, strategy and templates in the adopted approach but there is a local look and feel as far as execution of the web site promotion is concerned (Fletcher R., 2006).

Organisations use **email** to convey their **marketing** messages directly to their customers.

Jelgava, LLU ESAF, 21-22 April 2016, pp. 181-184
The efficiency largely depends on the type of e-mail database – response rate will be higher if recipients are company's regular customers who have given permission to receive such e-mails. Open and click-through rates also vary across industries. E-mail open rates vary from 13.9% in 'Daily Deals/E-Coupons' to 27.9% in 'Art and Artists'. Click-through rates vary from 2 – 3.5% being the highest in 'Agriculture' and 'Food services' industries (<http://www.smartinsights.com/email-marketing>, accessed 20.12.2015).

While most organisations believe that integrated approach to marketing communication involving online and offline media is most effective, decision on a balance between spend on the two types poses a dilemma. Difference is that **internet marketing** effectiveness can be directly measured, making it easier to justify campaign spend. Although offline media impact on customer behaviour can be measured too, if the customer purchases offline, decisions might also depend on other influences (Doole I., Lowe R., 2008).

Research results and discussion

1. Export marketing communication tools – assessment of usage frequency and perceived efficiency in Latvian exporter companies.

The use of export marketing communication tools was assessed by experts in four degree evaluation scale (0-1-2-3), where '0' means 'never use' and '3' – 'always use'. According to the average evaluation of experts, the most frequently used export marketing tool is '**website in target country's language**' (2.5 degrees). This tool is used by every company represented in survey, disregarding the product or service specialization. Next most frequently used marketing tools are '**Point-of-sale advertising**' (2.1 degrees), which is used by all respondent companies except IT field, and '**Product catalogues**' (2 degrees).

¹Corresponding author. Tel.: + 371 26484055; E-mail address: ieva.puuke@gmail.com

²Corresponding author. Tel.: + 371 29224223; E-mail address: anda.batruga@lu.lv

Above mentioned top three marketing tools are on average evaluated with 'high' perceived efficiency by experts (3.8 – 4.1 points in five point evaluation scale where '1' – means 'low return', '5' – 'very high return'). There is efficient 'usage-perceived return' relation for top three marketing tools – companies use them often and experience high return.

Often used marketing tools are also '**Social networks**' (1.8 degrees) and '**Product demonstrations/tastings at point-of-sales**' (1.8 degrees.) Social networks more or less frequently are used in every company disregarding the product or service specialization, however, the perceived return is evaluated as 'average'. The frequent usage of this tool can be explained with comparatively low costs and high availability. 'Product demonstrations and tastings' have earned the highest perceived return among all marketing tools in opinion of experts – 4.7 points. Direct contact with customer, offering engaging product experience, is the most effective way to introduce new products, particularly if the brand has low awareness. Unless it is a strong global brand, building awareness in export markets takes very high media investments which often cannot bring desired return in short period of time.

There are three rarely used (1.3-1.4 degrees) export marketing tools that have high perceived return: '**ATL advertising**' (4.2 points), '**Email marketing**' (3.5 points) and '**Direct selling**' (3.7 points). These tools could be advised for more frequent usage, however, high media costs are obvious obstacle for 'ATL advertising'. As admitted by most of experts – sufficient budget for communication is among largest challenges when they develop export communication plans. E-mail marketing can bring high return for companies, who sell on internet (e.g. travel services) and have database of regular customers, who are aware of company's brand and products.

Jelgava, LLU ESAF, 21-22 April 2016, pp. 181-185

The least used export marketing tools according to expert survey are '**Direct mail**' (1.1 degrees) and '**Public relations**' (1.1 degrees). Direct mail also is evaluated as tool with the lowest return – 2.3 points. Half of respondents admit that they never use 'Direct mail' in their export communication plans, and experts perceived return evaluation is either low or average. 'Public relations' have average perceived efficiency (3.3 points) and together with '**Event marketing**' (3.3 points) can be advised for more frequent usage. Surely it takes a thorough target market culture, media and competitor context knowledge to execute successful PR and marketing events, therefore, such activities should be outsourced. As admitted by experts, understanding of local culture and communication specifics is one of key challenges they face in their tasks.

2. Determinants of export marketing communication mix in Latvian exporter companies.

Six factors of influence on export marketing mix were offered to experts assessment. As summarized in Table 2, all factors are influential, their values ranging between 4 and 5 in five point scale, where 1- 'no influence' and 5 'high influence'. The factor of highest influence is allocated to marketing budget.

Cultural and geographical factors have greater influence on companies that export to a number of different target markets and there is a large cultural and physical distance among home market and target markets. Experts from these companies have evaluated cultural and geographical factors with the highest score. Experts from companies, which export to more homogenous markets (e.g. CIS countries), assessed influence of these factors with average and low scores.

¹Corresponding author. Tel.: + 371 26484055; E-mail address: ieva.puuke@gmail.com

²Corresponding author. Tel.: + 371 29224223; E-mail address: anda.batruga@lu.lv

Usage frequency and perceived efficiency of export marketing tools in Latvian exporter companies

Export marketing tools	Usage frequency		Perceived return (efficiency)	
	Degrees: never-0, rarely-1, often-2, always-3		Points: 1-low return, 5-very high return	
Website in the language of export target country	2.5	Often/Always	4.1	High
Point-of-sale advertising (posters, wobblers etc.)	2.1	Often	3.9	High
Product catalogues	2.0	Often	3.8	High
Social networks	1.8	Often	3.0	Average
Product demonstrations/tastings at point-of-sales	1.8	Often	4.7	Very high
Internet marketing (Google, SEO)	1.4	Rarely	3.0	Average
ATL advertising - TV/radio/press/outdoor	1.4	Rarely	4.2	High
E-mail marketing	1.3	Rarely	3.5	High
Direct selling	1.3	Rarely	3.7	High
Event marketing	1.3	Rarely	3.3	Average
Direct mail	1.1	Rarely	2.3	Low
Public relations	1.1	Rarely	3.3	Average

Source: authors' calculations based on the Expert survey conducted in May-November 2015

Table 2

Factors of influence on export marketing mix in Latvian exporter companies

Factors that influence export marketing mix	1 point – 'no influence', 5 points – 'strong influence'.
Marketing budget	4.71
Cultural factors	4.38
Geographic region	4.25
Diverse customer segments	4.14
Distribution channel	4.14
Legislation factors	4.13

Source: authors' calculations based on the Expert survey conducted in May-November 2015

3. Glocalization of international communication strategies in Latvian exporter companies.

As summarized in Table 3, experts assessment proves that various degrees of international communication strategy adaptation are used in Latvian export companies. Most of experts incline towards glocal or local strategy –

in 78% cases. None of experts admit usage of glocal strategy type, where product is adapted but message standardized. It shows that message is easier to adapt than product. Experts in 22% cases admit use of global strategy – standardized product and message – this derives from companies exporting to wide range of different markets, e.g. China, the USA, Russia.

¹Corresponding author. Tel.: + 371 26484055; E-mail address: ieva.puuke@gmail.com

²Corresponding author. Tel.: + 371 29224223; E-mail address: anda.batraga@lu.lv

**International communication strategy adaptation practices
in Latvian exporter companies**

International communication strategy type	% of strategy application cases
Global strategy - standardized product, standardized message	22
Glocal strategy – standardized product, adapted message	44
Glocal strategy – adapted product, standardized message	0
Local strategy - adapted product, adapted message	33

Source: authors' calculations based on the Expert survey conducted in May-November 2015

Conclusions, proposals, recommendations

1) Top three most popular export marketing communication tools used in export companies in Latvia are: 'web-site in target country's' language' (2.5 degrees), 'POS advertising' (2.1 degrees) and 'product catalogues' (2 degrees). Top tools also have high perceived efficiency as evaluated by experts (3.8-4.1 points). Companies use them frequently and experience high return.

2) Marketing tool with the highest perceived efficiency is 'product demonstrations/tastings at point-of-sales' (4.7 degrees). However, its usage is only average (1.8 points). It shows usage-efficiency gap, and companies could use this tool more often.

3) There are three rarely used (1.3-1.4 degrees) export marketing tools that have high perceived efficiency: 'ATL advertising' (4.2 points), 'Email marketing' (3.5 points) and 'Direct selling' (3.7 points). These tools could be advised to use more frequently;

however, companies may face budget and product specific obstacles.

4) There are six influential factors on export marketing communication mix. Perceived influence rate according to experts assessment varies from 4.7 to 4.1 points: marketing budget, cultural factors, geographic region, diverse customer segments, distribution channel, legislation factors. Influence of cultural and geographic factors is lower, if companies export to homogenous markets.

5) Research reveals that various degrees of communication strategy adaptation are used in Latvian export companies. However, in most cases (78%) experts admit usage of glocalized or localized strategy. In 22% of cases companies in Latvia use global strategy, especially in companies that export the same product to countries of great cultural differences, e.g. China, the USA, Russia. It shows that global brands can derive also from small markets.

Bibliography

1. Albaum, G.S., Duerr, E., Strandkov, J. (2005). *International Marketing and Export Management*. England: Pearson Education Limited. p.29.
2. Bartikowski, B., Singh, N., Merunka, D., (2015). Conceptualizing Effects of Cultural Web Site Adaptation on Consumers' Online Trust. *Proceedings of the 2008 Academy of Marketing Science (AMS) Annual Conference*. Switzerland: Springer International Publishing. p. 46.
3. Batraga, A., Puke, I., (2014). Integrating Standardisation/Adaptation in International Marketing Strategies: Companies in Latvia. *Proceedings of Conference No 40 "Economic Science for Rural Development*. [online] Available at: <<http://www.esaf.llu.lv/getfile.php?id=1163>> [Accessed 04 January 2016]
4. Chandon, P., Hutchinson, J.W., Bradlow, E., Young, S., (2009). Does In-Store Marketing Work? Effects of the Number and Position of Shelf Facings on Brand Attention and Evaluation at the Point of Purchase. *Journal of Marketing*, Vol.73, pp. 1-17.
5. DePalma, D. A., Sargent, B. B., Beninatto, R. S. (2006). Can't Read, Won't Buy: Why Language Matters on Global Websites. *An International Survey of Global Consumer Buying Preferences*. [online] Available at: <http://c.ymcdn.com/sites/www.archbright.com/resource/resmgr/NWDLResources/4_Can't_Read,_Won't_Buy_0609.pdf> [Accessed 20 Dec 2015]

¹Corresponding author. Tel.: + 371 26484055; E-mail address: ieva.puuke@gmail.com

²Corresponding author. Tel.: + 371 29224223; E-mail address: anda.batruga@lu.lv

Jelgava, LLU ESAF, 21-22 April 2016, pp. 181-188

6. Doole, I., Lowe, R., (2008). *International Marketing Strategy*. England: Cengage Learning. pp. 314-315.
7. Email Marketing Statistics. (2015). [online] Available at: <Error! Hyperlink reference not valid.> [Accessed 20 December 2015]
8. Fletcher, R., (2006). The Impact of Culture on Web Site Content, Design, and Structure: An International and a Multicultural Perspective. *Journal of Communication Management*, Vol. 10 Issue 3, pp.259 – 273.
9. Harris, G., Attour, S., (2003). International Advertising Practices of Multinational Companies, *European Journal of Marketing*, Vol.37, p.157.
10. Hathaway, S., (2014). The Point of Purchase Is Wherever the Consumer Is, So What Is the Future for Shopper Marketing? *Journal of Brand Strategy*. Vol. 3, pp. 139-147.
11. Internet Usage Population and Statistics. [online] Available at: <<http://www.internetworldstats.com/stats.htm>> [Accessed 20 December 2015]
12. Kale, S. H., Barnes, J., (1992). Understanding the Domain of Cross-National Buyer-Seller Interactions. *Journal of International Business Studies*, Vol.23, pp.101-131.
13. Keller, K.L., (2001). Mastering the Marketing Communications Mix: Micro and Macro Perspectives on Integrated Marketing Communication Programs. *Journal of Marketing Management*, Vol.17, pp. 819-847.
14. Lascu, D.N., (2006). *International Marketing*. USA: Atomic Dog Publishing. p. 299-322.
15. Latvijas Izcilako Eksporta Zimolu Petijums 'The Red Jackets' (Best Exporting Brands from Latvia). (2013). [online] Available at: <http://www.theredjackets.lv/files/trj_2013_petijums_cbbb4.pdf> [Accessed 21 December 2015]
16. Parker, D., (1996). Popular Choice. *Marketing Week*, Vol.19, pp. 39-40.
17. Singh, N., (2012). *Localization Strategies for Global E-Business*. UK: Cambridge University Press. p.22.
18. Singh, N., Zhao, H., Hu, X., (2003). Analyzing the Cultural Content of Web Sites: A Cross National Comparison of China, India, Japan, and US. *International Marketing Review*, Vol. 22, pp.129-146.
19. Stoian, M. C., (2010). Export Behaviour, International Marketing Strategy and Export Performance in Spanish Small and Medium Sized Enterprises, *Doctoral Thesis*. [online] Available at: <<http://www.tdx.cat/bitstream/handle/10803/3979/mcs1de1.pdf;jsessionid=02FB865A783B59B29EEDD0927140D362.tdx2?sequence=1>> [Accessed 05 January 2015]
20. Sutikno, B., Cheng, J.M.S., (2012). How Global Companies Communicate in Host Country: a Glocalization Strategy in Web Space. *Asian Journal of Communication*, Vol. 22, pp. 58-77.
21. Terpstra, V., Russow, L.C., (2000). *International Dimensions of Marketing*. Canada: South-Western College Publishing. p.9.
22. Theodosiou, M., Leonidou, L. C., (2003). Standardisation Versus Adaptation of International Marketing Strategy: an Integrative Assessment of the Empirical Research, *International Business Review*, Volume 12, pp. 141-171.
23. TNS Emor Survey. (2015).
24. Walshak, H.T., (1990). Publicity Is a Must for International Marketers. *Marketing News*, Vol.24. p.14.