A ‘Co-alignment–Convergence’ Hypothesis on the Relationship between Global Marketing Strategy and Performance: An Explorative Study

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Paper accepted for presentation at the 2008 KAMS Global Marketing Conference
Shanghai, China

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Abstract

This paper develops a general ‘co-alignment–convergence’ hypothesis which aims to reconcile two legitimate perspectives on international marketing performance. On the one hand, literature reports a positive relationship between global (i.e., standardized and coordinated) marketing strategy and performance. On the other, studies confirm the co-alignment principle and suggest that a successful internationalizing firm should adapt its international marketing strategy. At first sight, these perspectives contradict each other. In a theoretical perspective, we hypothesize that firms may adopt various successful international marketing strategies along their internationalization path. Yet, over time all successful firms converge to an outperforming global marketing strategy. A multiple case study research supports this hypothesis.
Introduction and literature review

The debate on international marketing standardization versus adaptation has been going on since the early 1960s (Roostal 1963). More than a decade later, Sorensen and Wiechmann (1975) empirically investigated marketing standardization in general. Entrenchment was only observed after the publication of thought-provoking ideas on the globalization of markets (Levitt 1983; Ohmae 1985; Hamel and Prahalad 1985). Some marketing scholars adhered to this globalization idea and advocated a standardized marketing perspective on the basis of economies of scale and converging consumer demand (e.g., Simmonds 1985; Walters 1986). Others opposed to this perspective and suggested more adapted marketing approached driven by ongoing cultural differences between countries (e.g., Douglas and Wind 1986; Yip, Loewe and Yoshino 1988). While this debate is ongoing, it has yielded especially “non-significant, contradictory, and, to some extent, confusing findings” (Theodosiou and Leonidou 2003: 141). Also Ryans, Griffith and White (2003) state that four decades of research on the topic did not bring us really closer to an understanding of the effectiveness of standardization versus adaptation. The interaction among key constructs needs to be studied, they claim.

In a paper on international marketing communication, Solberg (2002) claims that “[e]ver since the early contributions….. the discussion between the standardization and adaptation camps has gone back and forth” (p.1)

A major gap in the literature is the relationship between international marketing strategy and business performance. Despite its critical importance, this issue has received relatively scant attention (Theodosiou and Leonidou 2003). Moreover, most of the relevant studies focus on the performance effects of standardization/adaptation of one of the four elements of the marketing mix or of the entire mix at best (Jain 1989; Samiee and Roth 1992; Shoham 1996). The integration of different elements of marketing mix into an overall global marketing
strategy construct is a fairly recent development (Cavusgil and Zou 1994; Zou and Cavusgil 2002).

Lim, Acito and Rusetski (2006) claim that, notwithstanding some notable exceptions such as Zou and Cavusgil (2002), most conceptualizations of global marketing are one-dimensional. Over the years, the conceptualization of global strategy has been broadened to encompass three dimensions: (1) cross-border standardization, (2) cross-border configuration/coordination in the value chain and (3) integrated competitive behaviour across foreign markets (Zou and Cavusgil 2002). Ghemawat (2007) offers a framework to evaluate ‘globalization options’ along the dimension of adaptation (boosting local relevance), aggregation (pursuing economies of scale) and arbitrage (exploiting differences between markets by separating parts of supply chain). He recommends focusing on one or two of the A’s.

Recent empirical research demonstrates that the performance impact of global strategy is most significant for firms holding a global orientation, with extensive international experience operating in fully globalized markets (Zou and Cavusgil 2002). It remains unclear, though, how less internationally experienced firms operating in markets that are not fully globalized should design their international (or global?) strategies to ensure performance and growth. Xu, Cavusgil and White (2006) put forward that the precise effect of a standardized global marketing strategy on performance remains quite ambiguous. Studies indicate conflicting results from “no effect” to a “positive effect”. Their own study shows that internal “fit” is a prerequisite for the positive performance effect of a standardized marketing strategy to occur. Cavusgil, Yeniyurt and Townsend (2004) confirm the benefits MNCs gain from an implementation of common practices and integration of affiliates in order to achieve the economics made possible by the globalization of markets.
From a co-alignment perspective it has been argued that an international marketing strategy should match both the firm’s strategic capabilities and the success factors as defined by environmental forces (e.g., Carpano, Chrisman and Roth 1994; Carpano and Chrisman 1995; Solberg 1997; Özsomer and Prussia 2000; Albaum and Tse 2001; Dow 2006)). As a consequence, it is presumed that a context-specific international marketing strategy outperforms a global strategy unless the firm holds the relevant capabilities and is operating in a truly global business environment. This logic is in line with internationalization process theory (Johanson and Vahlne 1977; 1990; Pederssen and Petersen 1998; Blomstermo and Sharma 2003) which specifies how and why increasing market knowledge, acquired through experiential market learning, gradually increases international market commitment.

The present study aims at reconciling the global strategy perspective and the co-alignment perspective on international marketing strategy. Its basic hypothesis is that a successful internationalising firm adopts different international marketing strategies, which are local optima along the internationalization process, while at the same time it remains focused at reaching a global marketing strategy that outperforms all other international marketing strategies once the industry and firm have become fully global. To explore this so-called ‘co-alignment–convergence’ hypothesis, we analyse and compare the patterns of international marketing strategies as they have been adopted by five successfully internationalizing firms. The hypothesis is supported if we find these firms to adopt various international marketing strategies along their internationalization path, while they all, eventually, evolve towards a global marketing strategy.
The remainder of this paper is structured as follows. First, we develop the ‘co-alignment–convergence’ hypothesis. Therefore, the next section scrutinizes the co-alignment perspective on international marketing strategy as well as the tenets of global marketing performance literature. In the next two sections, the research design is presented and the cases are shortly described. A fifth section analyzes the findings and assesses the basic hypothesis of this study. The paper finishes with managerial recommendations and ideas for future research.

**The ‘Co-alignment–Convergence’ Hypothesis**

As a clear example of the co-alignment perspective on international marketing strategy, Solberg’s (1997) ‘Nine Strategic Windows’ framework defines nine international marketing strategies for internationalizing firms or business units. Each strategy matches a strategic window that is opened by a logical combination of (1) a certain degree of industry globality a firm is facing and (2) the firm’s preparedness to internationalization, i.e., a measure of international maturity (see Figure 1). These two dimensions represent the framework’s theoretical underpinning, which combines an IO-based logic on competitive structures (Porter 1986), the resource based view (Grant 1991), network theory (Johanson and Mattson 1986) and internationalization process theory (Johanson and Vahlne 1990). The basic idea of the framework is that a successful internationalizing firm should line up with its internal and external environment. According to the co-alignment principle (Miller and Friesen 1983; Venkatraman and Prescott 1990) it is expected that the degree of fit between a firm’s strategy and its environment correlates with the firm’s efficiency and effectiveness. As a consequence, none of these nine international marketing strategies, including the global strategy, is expected to be appropriate in all situations (Solberg 1997).
When industry globality is low and the firm’s or business unit’s preparedness to internationalize is limited, Solberg’s (1997) framework suggests focusing on the home market in order to improving the company’s position. As the industry globality increases while the firm’s preparedness to internationalize does not, it is suggested to follow an international niche strategy or, at the extreme, to prepare for a buy-out. As a financially-strong firm’s preparedness to internationalize increases with a low and stable degree of industry globality, it is advised to develop an export-based ‘multidomestic’ strategy or, eventually, to develop new businesses, thereby enhancing the ability to compete aggressively once globalization occurs.

In the case industry globality is increasing more rapidly than the firm’s preparedness to internationalize, an adolescent company is suggested to seek alliance partners in order to build international expansion. Alternatively, when the increase in industry globality falls short of or paces with the firm’s increasing preparedness to internationalization, it is suggested to expand internationalization and prepare for a global strategy. A full-fledged global marketing strategy is advised only when industry globality and the firm’s preparedness to internationalization are both high.

Solberg, Kristiansen and Slåttebrekk (2002) empirically assessed the validity of this framework. Three hypotheses were tested on a cross-sectional sample of 202 Norwegian middle-sized internationalizing firms. The first hypothesis states that firms situated in a particular strategic window generally prefer the strategy as suggested in the framework (see Figure 1) over any other (contingency paradigm). In a second hypothesis it is stated that, over time, firms that follow the suggested strategies outperform firms that do not (co-alignment paradigm). Finally, a third hypothesis proposes direct effects of the two dimensions – industry globality and preparedness to internationalization – on performance.
The authors found partial support for their first hypothesis. In some windows the suggested strategy was significantly preferred over any other. In a minority of windows this was not the case. The co-alignment hypothesis, however, could not be supported. More specifically, only in the situation of a low preparedness for internationalization and a high degree of industry globality the data partially supported the authors’ second hypothesis. In all other cases, no significant or even opposing results were reported. To a certain degree these unexpected findings can be explained by the results related to the third hypothesis. Preparedness for internationalization was found to have a significant direct and positive effect on performance, whereas the degree of globalization did not have a direct effect on performance.

Unfortunately, Solberg et al. (2002) did not test for the performance impact of the preparedness to internationalization relative to that of the (choice for an optimal) international marketing strategy. It is possible that the impact of the preparedness to internationalization outweighs that of the international marketing strategy. Moreover, the second hypothesis tested the co-alignment paradigm only partially. A multiple regression analysis per strategic window measured the impact of the suggested international marketing strategy compared to the performance impact of the non-suggested strategies. However, this analysis did not control for the appropriateness of the strategy per case. A purified test of the second hypothesis would have included only cases in which the strategies lined up with the two environmental dimensions, excluding (or controlling for) cases in which strategies were applied that did not fit the internal and external context. Recently, the co-alignment perspective was confirmed. Lim, Acito and Rusetski (2006) build on three separate characterizations of international marketing strategy and identify three multinational archetypes. A combination of contextual forces drives the type of strategy adopted by a multinational company. For instance, similar consumer tastes, limited local regulation, and
the existence of economies of scale and global competitors “is likely to engender a strategy resembling the *Global Marketers* archetype (Lim et al. 2006: 515). Other environmental and market configurations engender the *Infrastructural Minimalists* and *Tactical Coordinators* gestalts. The drivers and performance outcomes of these three types should still be further tested.

Based on these references, we propose:

\[ P_1 \quad \text{Successfully internationalizing firms apply various international marketing strategies, each of which fit their relevant internal and external environment.} \]

Apparently in contrast to Proposition 1, the global marketing literature has tended to reach a consensus on the idea that a global marketing strategy outperforms any other international marketing strategy (Levitt 1983; Jain 1989; Samiee and Roth 1992; Cavusgil and Zou 1994; Zou and Cavusgil 2002). For instance, Zou and Cavusgil (2002) have shown empirically that global market strategy has a positive and significant effect on global strategic and financial market performance. Zou and Cavusgil (2002) identify three significant antecedents of global marketing strategy: two internal (the firm’s international experience, the firm’s global orientation) and external globalizing conditions. Building on the resource-based view, Yeniyurt, Cavusgil and Hult (2005) introduce the concept of *global market advantage*, a second order reflective construct consisting of four first order constructs: global distribution, market coverage and global brand value, global supply chain partnerships. The authors expect that this concept has a positive effect on strategic and financial performance. Strategy type, industry type and competitive intensity are expected to have moderation effects. At first sight, such conclusions seem to be in conflict with the co-alignment idea of proposition 1. For two reasons, however, we would argue it is not.
Comparable theoretical foundation – Zou and Cavusgil’s (2002) and Yeniyurt et al.’s (2005) models are highly comparable to the two dimensions of Solberg’s (1997) framework. This correspondence is due to the overlap in the theoretical underpinning of the models which explicitly build upon the same theoretical pillars: industrial organization theory and the resource-based view of the firm. As a consequence, it can be argued that Zou and Cavusgil (2002) and Yeniyurt et al. (2005) on the one hand, and Solberg (1997) on the other, focus upon the same theoretical construct, while adopting a different empirical lens.

Complementary lenses on international/global marketing strategy – Zou and Cavusgil’s (2002) perspective is basically teleological. Their study contributes to the idea that global marketing strategy is a socially constructed and desired end-state for the marketing strategy of any internationalizing firm (Van de Ven and Poole 1995). As a majority within international business and marketing scholars tend to converge around a significant and positive relationship between global marketing strategy and performance, any strategic action of the internationalizing firm is expected to aim at reducing the gap between the firm’s current international marketing strategy and this envisioned end-state.

Teleology assumes equifinality (Van de Ven and Poole 1995). As a consequence, there are several equally effective paths toward a global marketing strategy. Yet, global marketing literature has not taken up this process question (Zou and Cavusgil 2002). At this point, the co-alignment literature offers an opportunity. A more dynamic interpretation of Solberg’s (1997) framework allows for equifinality in the pattern of international marketing strategies. Indeed, while the framework does present a strategic alternative per cell, it does not prescribe a particular pattern through the nine cells of the framework. Investigating patterns on the basis of Solberg’s (1997) framework helps to answer this process question. In this way, the
co-alignment and the teleological perspective become highly complementary. Together, they are the basis for a dynamic “dual-motor theory” (Van de Ven Poole 1995: 528) of global marketing performance.

Complementary to proposition 1, we propose:

**P₂** Successfully internationalizing firms converge to a global marketing strategy, whatever their historical path of international marketing strategies.

Taken together, P₁ and P₂ represent the ‘co-alignment–convergence’ hypothesis of international marketing strategy. P₁ proposes that firms adapt their international marketing strategy to the changing business environment. In line with Zou and Cavusgil’s (2002) teleological lens, however, we expect industry globality as well as a firm’s preparedness to internationalize to increase, eventually up to a level where a global marketing strategy is most appropriate. At this point, Solberg (1997) and Zou and Cavusgil (2002) both argue that all successful firms develop and implement a global marketing strategy, whatever their past choices of international marketing strategies. P₂ captures this idea of convergence to a global marketing strategy.

From this hypothesis, we expect to observe a high degree of variation in types of adopted international marketing strategies when firms are operating in non-global environments. The closer the environment resembles a fully globalized context, the less variation is expected and the more successful firms are expected to have adopted a global strategy. One way of empirically investigating this ‘co-alignment–convergence’ hypothesis is a longitudinal analysis of changes in international marketing strategies of ongoing successful firms that have reached a globalized B2B context.
Research Design

The present study adopts Solberg’s (1997) framework as its main analytic instrument. In contrast to Solberg et al. (2002) who test the static validity of this framework, the present study assesses its underlying dynamic logic as captured in the ‘contingency–convergence’ hypothesis. To assess this hypothesis, we investigate the (changes in) international marketing strategies of successful firms while they evolve through situations that can be characterized by combinations of low/medium/high industry globality and low/medium/high preparedness to internationalization. In this respect, a retrospective multiple case study was set up.

The present study is explorative. Yet, it complies with three methodological requirements for scientifically sound multiple case study research: theoretical sampling, data source triangulation, and pattern matching logic (Eisenhardt 1989; Miles and Huberman 1994; Pauwels and MatthysSENS 2004; Yin 2003). Hereafter, we shortly explain how.

In line with the principle of *theoretical sampling*, cases were selected with the aim of maximizing the coverage of the 'nine strategic windows’ as defined in Solberg (1997) while, at the same time, minimizing the difference between the cases in any other characteristic. To accomplish the latter objective, cases were eligible only when the firms were financially and strategically successful during the investigated period, preferably among the best performers in their industries. Further, we selected only middle-sized business-to-business firms operating in markets for semi-finished bulk products. For these firms, a typically low ‘value per product volume’ ratio increases the complexity and costs of their outbound logistics and, as a consequence, of their international expansion. Therefore, it is expected that especially these firms cannot grow internationally on the basis of one (simple) persisting strategy yet
that they have to optimize (i.e., change) their international marketing strategy regularly if
they want to remain successful. Finally, all cases started low on industry globality and/or
preparedness to internationalization. At the end of the case episode cases have reached or
have come near to a point at which industry globality as well as the firm’s preparedness to
internationalization can be considered high. The adoption of this theoretical sampling
approach increased *relevant polarity* – i.e., only with respect to the pallet of international
marketing strategies – in the data (Yin 2003). This is assumed to be a critical leverage to the
internal validity of the emerging analytical outcomes (Pauwels and Matthyssens 2003).

From a larger (convenience sampled) database of cases that fitted the above requirements, we
selected seven cases. Together, they allowed to cover all but one (cell 4 in Figure 1) strategic
windows. Eventually five of these cases were investigated. Two cases were withdrawn from
the sample because data collection triangulation was not realized (Miles and Huberman
1994). In the remaining cases we interviewed two or more ‘best informed’ respondents once
or twice. The main contribution of this triangulation process is to reduce random
measurement error (Kumar, Stern and Anderson 1993) and to increase the richness (i.e.,
internal validity) of the interpretation. Interviews lasted between one and two hours. During
the earlier interviews, we went after the respondent’s ‘story’ of internationalization (Kvale
1996). These interviews were semi-structured as particular questions on the character of the
internationalization strategy, the degree of industry globality and the firms’ preparedness to
internationalization recurred while we let the respondent reconstruct their internationalization
process. Later interviews were slightly shorter and more structured as they built upon the
analyses of earlier interviews. All interviews were transcribed and sent back for correction.
The analysis within and across cases was performed according to the principle of inductive pattern coding and pattern matching (Miles and Huberman 1994). In line with Miles and Huberman’s (1994: 90-237) protocol, we basically described and rebuilt the cases’ internationalization processes in terms of abstracted patterns of which different chronological phases could be defined in terms of Solberg’s (1997) framework. Eventually, we compared the patterns of the five cases. This resulted in what Yin (2003) called literal and theoretical replication. Whereas in literal replication cases show diverse results, in theoretical replication cases show different results for theoretically explainable reasons. While comparing the cases, the ‘co-alignment–convergence’ hypothesis is supported when (1) the international marketing strategies are less comparable to a global strategy and more different among each other the less the internationalization phase resembles a situation of a high degree of globality and/or a high degree of preparedness to internationalize (i.e., theoretical replication), and (2) the international marketing strategies are more comparable to a global marketing strategy the more the internationalization phase resembled a situation of a high degree of globality and a high degree of preparedness to internationalize (i.e., literal replication).

**Case Descriptions**

This section shortly presents the five investigated cases. To ensure the requested confidentiality we have disguised some data and have to remain vague on some particular events. Nevertheless, the authors were given full insight in the firm’s histories and could use detailed and confidential information for their analysis. The cases histories end in the second half of 2002 (see table 1). Later events were not taken into consideration.

- Table 1 about here -
Case 1: Stain&C°

Since the early 1970s, Stain&C° is operating in a growth market. The competitive structure is very concentrated, with only six European suppliers remaining after a wave of mergers and acquisitions in the mid 1990s. As a consequence, the market is very transparent. In an effort to reduce price pressure, all suppliers seek to add service and apply customer-bonding approaches. Their service centers add value by performing certain material processing tasks. The global status of the market is also due to a relatively homogeneous demand by globally operating customers.

Over the years, Stain&C° had to invest heavily in capacity to follow market growth. In the 1970s, the company was very technology driven (process technology). In the early 1980s, the firm faced huge investments to cope with the speeding evolution in its worldwide business. Hence, Stain&C° settled in a larger conglomerate that could guarantee its capital needs. The firm sought to expand its market position via alliances with sister affiliates within the same conglomerate. Without these synergies, staying ahead of competition in a globalizing business would have been too costly. Since the mid 1990s, Stain&C° is strengthening its global position with the establishment of service centres and a more segment/application oriented marketing and sales approach. In the new millennium, the biggest strategic challenge seems to master the tension between the (need for a) global vision and local responsiveness. An illustration of this is the search for an ideal matrix organization with both country and market segment managers.

Case 2: Aluminium&C°

Aluminium&C° has an overall European market share of less than 10 percent, but in all served market segments, its share is over 15 percent. Today, Aluminium&C°’s business is
fairly global showing a high degree of supply concentration as well as global homogeneous
demand. Nevertheless, some important market segments remain fairly geographically bound.
Some 20 years ago, Aluminium&C° manufactured bulk aluminium products for the local and
neighboring markets. As in the steel industry, the aluminium industry got driven by
consolidation. To cope with the globalization trend, Aluminium&C° had to invest heavily in
technology as well as in capacity. As a consequence, the firms merged with a cash rich
partner. Notwithstanding this partnership, the company soon found out that it still lacked the
necessary experience, scale and resources to compete against two far bigger competitors in
this globalizing market of bulk products. Therefore, management revised the strategy away
from the bulk market to focus on niches in a regional (i.e., European) market. This strategy
did yield. Nowadays, Aluminium&C°’s revitalized organization is deemed ready to expand
towards more global niches next to a selection of pan-European bulk segments. Yet, the
company perceives that its customer intimacy approach prohibits a full-scale global market
development at this stage.

Case 3: Resins&C°

Resins&C° is operating in the fine chemicals business. The underlying logic of its strategy is
to follow internationally expanding key customers. In the 1970s, national markets were
isolated but internationally expanding customers drove the company across borders. The
company started opening facilities abroad on a country-by-country basis. This led to a
fragmented production base. However, due to increasing globalization this was no longer
economically feasible. As competitors were merging and customers were internationalizing
further, economies of scale became a key success factor. Resins&C° main problem in this
period was the lack of a global mentality among its management and the difficulty of
exploiting synergies across affiliates (e.g., shared service facilities). As a reaction,
Resins&C°’s international account management began to outweigh local sales subsidiaries. However, local affiliates revolted, being afraid of losing their most important customers. Nowadays, global account management is fully installed. Local resistance has faded, not in the least because many foreign subsidiaries have been divested and replaced by a distributor to serve smaller local accounts.

Case 4: Enamel&C°

Enamel&C° manufactures ceramic steel products and vitreous enamelled steel panels, systems and linings. Two of the most important applications are whiteboards and heating systems. Over the last 25 years, Enamel&C° transformed from a truly local player to a significant global competitor. Enamel&C° was founded as an autonomous European subsidiary of Enamel USA. Initially, the European firm operated locally. Soon, however, it started to explore the European market. The company tapped its strong position in its home market to finance its European expansion via several acquisitions. This process was consolidated by taking over production facilities in two other European countries. Today, the firm is in doubt whether to follow the globalization of its mainstream markets or to focus on regional high added value niches. For instance, the demand for radiator panels is still culturally determined but the market is globalizing with increasingly international customers and intermediaries. Whiteboards are a niche product that allows high added value for Enamel&C° yet high prices limit the business’ global expansion. Logistic and financial barriers seem to push the company to the niche approach.

Case 5: Sugar&C°

More than thirty years ago, Sugar&C° started exporting its slack production capacity. However, until now, the export of its core product – white sugar – remains fairly limited. Due
to European regulations the market for plain sugar is organized per country. However, Sugar&C° decided to break out of this vulnerable position. The firm invested in derived sugar products to balance its plain sugar activity. From the outset, these derived products paved the way for Sugar&C°’s international expansion. Over the years, the firm’s quasi-monopoly position with plain sugar in its home market subsidized the internationalization process of the derived products. As the firm operates in a culturally sensitive business, international expansion went along new product development. Meanwhile, however, the European sugar industry started to consolidate and Sugar&C° merged with a bigger foreign company to reach greater pan-European purchasing power and operational synergies. This newly formed group continued to take over local sugar firms. Today, Sugar&C° is a major pan-European player owning several production facilities in different European markets, both in the core plain sugar market and in the derived (niche) markets. As a pioneer in this evolution, Sugar&C° significantly fuelled industry globality.

**Analysis of the Case Studies**

We adopted Solberg’s (1997) framework as prime analytical anchor and investigated the evolution of industry globality, these firms’ preparedness to internationalize and their international marketing strategies for the five cases. Through inductive patterns analysis, we rebuilt the chronology of these five firms’ internationalization process, and abstracted and analyzed the lengthy descriptions through various iterative rounds (Miles and Huberman 1994; Orton, 1997). Interpretation, classification and abstraction was performed by the researchers separately, than integrated in consensus and presented to the respondents for feedback. Eventually, the analysis converged to a three- or four-staged description of the evolution of industry globality, preparedness to internationalization and international marketing strategy per case. Table 2 summarizes the last step of this descriptive process.
At this point, it is straightforward to plot the five patterns in Solberg’s (1997) framework (Figure 2). This graphical representation provides face validity to the ‘co-alignment–convergence’ hypothesis. Whereas all firms continued to be successful internationalizing players in their respective industries, various paths of international strategic paths can be discerned. Although not all firms have reached this goal, the observed paths tend to converge in the direction of a global marketing strategy. In support of this analysis, we shortly comment on the cases’ evolution in industry globality, preparedness to internationalization and international marketing strategy. The trajectory of each case can be found in the matrix (see figure 2).

Trajectory of Case 1. In an effort to reduce price pressure, all suppliers including Stain&Co seek to add service and apply customer-bonding approaches. Their service centers add value by performing certain material processing tasks. The global status of the market is also due to a relatively homogeneous demand by customers, which are spread all over the world. Hence, due to the competitive structure, the demand pattern, and international market interdependence, this industry can eventually be classified as ‘global’ on Solberg’s industry globality scale.

Over the years, Stain&C® invested heavily in capacity to follow the growth of a globalizing and standarizing market. In the 1970s, the company discovered that it had to do huge investments in order to move from cell 7 to cell 8 or 9. Hence, during the 1980s, they bought out the majority of their capital to a larger group (cell 7) and sought to expand their market
position via alliances with other affiliates of the same ‘parent company’ (cell 8). For instance, they shared warehousing facilities and processing equipment with other affiliates of the group. The synergies helped them in moving up the vertical axis. Still nowadays, they are strengthening their global position and they are reinforcing their global mindset. The balancing of their global vision and the need for local service remains a key challenge.

**Trajectory of Case 2.** The second case (aluminium) started in cell 5 in the middle of the chart. Initially, the company saw its industry evolve to a global industry (a move to cell 8) and, as suggested by Solberg, it looked for (cash rich) partners. The management was not extremely happy with this collaboration. In an effort to become more independent, the management revised the strategy to focus on niches in a regional (i.e., less globalized, European) market. As such, they went back to the left in the matrix, back to cell 5. Nowadays, their revitalized organization is moving to cell 6 via a very selective growth strategy into global niches (pan-European market segments). The company also follows a strategy of co-development with selected customers. It has adopted an active growth strategy within Europe, and nowadays global markets are mostly entered only when following key clients. The company perceives that its customer intimacy approach hinders a full-scale global market development (i.e., a move to cell 9), as it would require the investment in a multidisciplinary team of local specialists in all markets entered.

**Trajectory of Case 3.** The third case (Resins&Co) has been followed from its position in cell 5 via cell 6 to cell 9. Initially, key customers have been driving their internationalization, resulting in a fragmented production base. With growing globalization, however, this was no longer doomed economically justifiable. Global scale was more and more seen as an important asset. The main problems for this company in its transition from cell 6 to cell 9
have been internal ones: the lack of a global mindset and the difficulty of creating economies of scale and scope. The latter become more important as global customers increasingly stressing customization and joint innovation. Customer and industry knowledge had to be deepened out. International account management focusing on strategic customers had to get more attention and weight in comparison to local customers, notwithstanding local affiliates resistance. Now, the company is in cell 9 with a global mentality and organization serving global customers.

**Trajectory of Case 4.** Case 4 (Enamel&Co) evolved in 25 years from cell 1 to cell 5. at the end of the case observation, it was in doubt whether to follow the globalization of its mainstream market (and hence having to move to cell 8) or to focus on regional niches, thereby evolving into cell 6. Distribution and financial barriers have pushed the company to a multidomestic approach, but some markets are becoming more global and once niches are becoming regional or global At first, the company tapped its strong position in its home market to finance its international expansion via several acquisitions – a leap forward in ‘preparedness’. This led to a position in cell 5. Today, a group of managers supports a ‘close to home’ (European) gradual expansion, i.e., a move to cell 6, whereas others want to grow into a full global coverage, emphasizing the most global segments.

**Trajectory of Case 5.** Case 5 (industrial sugars) started in cell 1 more than thirty years ago and gradually developed their international maturity along the vertical axis via a selective export strategy. In the mean time, their very strong market position in the home market and the growing international experience enabled the company to strengthen their market position. It also helped expanding the product assortment, both in home markets as in neighboring countries. Meanwhile, the market started showing increasing concentration,
both on the supply and the demand side. Via a merger with a bigger German company, the entry to cell 6 was realized as the customers (food companies) sought greater pan-European purchasing and operations synergies thereby fuelling industry globality. Price pressures and resulting diminishing margins make it difficult nowadays to apply Solberg’s ninth cell commandment: strengthen your global position, but rationalization and synergy projects are undertaken.

**Interpretation**

This exploratory study shows evidence in support of a “co-alignment-convergence” hypothesis on global marketing. This paper’s findings seem to be in line with prior research. Solberg (2002) proves that local market knowledge (‘deep marketing insight’) by headquarters favors the tendency to centralize and standardize marketing strategy. A lack of local market knowledge leads to the local representatives’ dominance in marketing discussions. In our study, we witnessed that, over the years, these five companies standardize their strategy more with growing international marketing experience. As such, both studies indicate that the more companies gain understanding of local conditions in ‘export’ markets, the more they perceive the similarities and the more they standardize across these markets. Along the same line of reasoning, these findings might explain why Dow (2006) found evidence of ‘systematic under-adaptation’ in foreign markets by high involvement exporters.

Also, this study shows the incremental nature of globalization evidenced by a political process of tensions between local affiliates’ views and the creation of global awareness at the center. As such, The assertion that “globalization occurs in degrees, by dimension, and gradually” (Cavusgil et al. 2004: 712) seems to be valid for SME-multinationals as well. The five companies enhanced their worldwide coordination gradually and they build their global
capabilities accordingly. Stimulated by global market partners, global customers and
globalizing competition, the firms adopt more global strategies while simultaneously shaping
an integrated and coordinated network of affiliates (e.g., for production and/or service
rationalization). This is a clear illustration of Cavusgil et al.’s (2004) conclusion on business
process integration as a complement to globalization.

The companies nicely illustrate how different conflicting perspectives need to be managed, a
fact also identified in prior research. Begley and Boyd (2003) plead for the creation of a
“global mind-set” and the careful management of the structure tension (global formalization
versus local flexibility), the process tension (global standardization versus local
customization) and the power tension (global dictates versus local delegation). Yeniyurt et
al. (2005) show also how B2B multinationals gradually learn to cope with the “inherent
organizational complexity” which “necessitates the development of a new set of
competencies that would engender a global market advantage”. Growing globalization
implied in the five companies studied a continuous re-shaping of skills and organizational
architecture. During this process, companies seem to struggle with the balance between the
establishment of a global vision on the one hand, and the need for local responsiveness
(service, deliveries, niches). Contrary to American multinationals who often regard
globalization as standardization plus centralized decision making (Begley and Boyd 2003),
these five companies showed a capacity to grow gradually a balance between “global
consistency” and “local responsiveness” (Begley and Boyd 2003).

Overall, these cases demonstrate that B2B companies over the years strive to respond to a
higher degree of environmental globalization with global alignment of their strategy,
structure, systems and culture. This puts the finding of Xu et al. (2006: 24) that “[t]he
benefits of global marketing standardization stem from its fit with the outside environment
but also with internal organizational characteristics” in a dynamic perspective. Even without clear performance data for their globalization strategy, firms pursue an organizational alignment strategy with global market pressure.

**Managerial Implications**

The analytic comparison of these five internationalization paths illustrates that a deterministic theory of the international marketing strategy is invalid. Neither is a global marketing strategy *a priori* outperforming any other international marketing strategy, nor can we agree on a pre-defined normative stages model that prescribes a pattern of strategic steps. Yet, the observed equifinality tends to converge to a global marketing strategy as firms mature in their internationalization process and as industries globalize.

Each of these five cases tells a unique story of a successful dynamic international marketing strategizing, which is embedded in an ongoing interpretative blending of – and fit with – internal and external drivers and barriers of globalization. Although no unique way of internationalization comes out, a limited set of drivers and barriers seem to play a key role in the strategic processes of the internationalizing companies.

The following drivers and barriers of globalization are apparent:

- **Cost pressure and the consequential concentration of the industry** – The cases clearly illustrate that a cost advantage is a qualifier for international survival. As a consequence, firms go after synergies, partnerships and merges to increase production and R&D efficiency. This concentration evidently results in more cross-border competition, the ultimate driver of ongoing globalization.
- **Tension between global vision and local touch** – Within one company, typically, more than one blend of driving factors predominates. A dialectical process of different interpretations of factors may speed up, slow down or even reverse the globalization process of a firm.

- **High level of investments** – Competitive pressures to increase production efficiency require ongoing high levels of investment in process technology. This, however, requires increasingly high levels of cash.

- **Sustained financial health** – As a consequence of the first barrier, internationally growing companies need sustained financial health. Typically, this is attained through cross-market and/or cross-industry subsidization. In the former, the company can build upon the ongoing cash generation in its successful home market(s). In the latter, multinationals tap cash cows of other business units to subsidize high potential activities in other global industries.

- **Overall metamorphosis of the company** – From the case studies we learn that an ongoing internationalization process results in a time- and energy-consuming reshaping of the company, predominantly led by a renewed interpretation of marketing at the level of the firm.

- **Internal resistance to change** – Typically, this metamorphosis is a tough path of internal discussion and conflicts at every level of the company, which are mainly fed by a fundamental resistance to change.

- **Cultural barriers** – Due to the increasing market power downstream the value chain in many industries, cultural barriers are apparent more than ever before.
Conclusion, Limitations and Future Research Directions

The relationship between international marketing strategy and firm performance remains problematic until today (Özsomer and Prussia 2000). Whereas many studies presume or validate the positive relationship between global marketing strategy and performance (e.g., Jain 1989; Zou and Cavusgil 2002), other cannot support or even disprove this relationship. (e.g., Samiee and Roth 1992; Carpano, Chrisman and Roth 1994; Cavusgil and Zou 1994; Solberg et al 2002). The present study may be a first step to reconcile and integrate these two streams.

In the present paper, we argue that the investigation of the relationship between global marketing strategy and performance should be performed in a dynamic perspective to accommodate both a teleological and a co-alignment perspective. Therefore, we put forward a co-alignment-convergence hypothesis on the process of internationalization.

We supported this hypothesis by a multiple case study of the internationalization process of five firms. Although explorative, our study illustrates that successful internationalizing firms develop a fairly unique path in which international marketing strategies are adapted to the particular internal and external context, drivers and barriers. Nevertheless, as the industries globalize and the firms’ mature in their internationalization process, these unique paths appear to converge to a global marketing strategy.

The study is not without limitations. First, the explorative case study approach prohibits developing general conclusions on the co-alignment-convergence hypothesis. In future research, our propositions should be translated into testable hypotheses. This would give more insight into the validity of the co-alignment-convergence hypothesis. Also, antecedents and moderators could be established in such a study.
A second limitation is linked to the time period studied. The findings of this study could be biased by our bracketing of the time period used to study the international marketing strategies. It is evident that the marketing strategy of all five companies keeps on evolving. This limitation probably calls for case studies in one specific industry in order to even better understand the impact of the industry dynamics on the evolution of the international marketing strategy and on the way companies make the trade-off between centralization needs and local responsiveness tendencies.

Thirdly, the study did not focus on the decision-making process in each of these companies. Managerial judgment and insight in the decision-making processes might be relevant as we learned that globalization is not something that ‘just happens to you’. In fact, some of the firms we observed were able to (at least temporarily) avoid the global mainstream market. As such, they seek a ‘balanced global and national strategic advantage’ (Yip 1989). Moreover, at least two companies of this study deliberately moved back into a ‘lower’ cell in order to prepare a next step forward towards a balanced globalization. This illustrates that the Solberg matrix is less deterministic as we first thought. Nevertheless, these epochs of recursive progression require more academic attention as we expect them to be periods of intense organizational learning. In order to better understand the process of internationalization, future research should also study explicitly the impact of managerial judgement, decision making processes and organizational learning on the marketing strategy chosen.

Finally, the internationalization of these companies is driven by the globalization of their respective industries, which, on its turn, results from market dynamics, such as cost pressures and culture, which go beyond the original issue – i.e., the selling abroad. As a consequence, the internationalization of the firm touches upon the entire structure, culture and strategy of a company. Both barriers and drivers of internationalization exceed our initial problem.
statement. Therefore, the internationalization of the firm should be investigated in closer relationship to the study of organizational change and the theory of the firm in general.

References


Figure 1: The Nine Strategic Windows Framework (Solberg 1997)

<table>
<thead>
<tr>
<th>Industry Globality</th>
<th>Mature</th>
<th>Adolescent</th>
<th>Immature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>Cell 1: Stay at Home</td>
<td>Cell 2: Consolidate your export markets</td>
<td>Cell 3: Enter new business</td>
</tr>
<tr>
<td>Potentially global</td>
<td>Cell 4: Seek niches in international markets</td>
<td>Cell 5: Consider expansion in international markets</td>
<td>Cell 6: Prepare for Globalization</td>
</tr>
<tr>
<td>Global</td>
<td>Cell 7: Prepare for a buy-out</td>
<td>Cell 8: Seek global alliances</td>
<td>Cell 9: Strengthen your global position</td>
</tr>
</tbody>
</table>

Figure 2: Case Patterns in Solberg’s (1997) framework

Legend

Case 1

Case 2

Case 3

Case 4

Case 5

Industry Globality
<table>
<thead>
<tr>
<th>Case</th>
<th>Business</th>
<th>Revenue 2001</th>
<th>Number of employees</th>
<th>Export to sales ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Stain&amp;C° Semi-finished stainless steel</td>
<td>€ 750 million</td>
<td>1450</td>
<td>+80%</td>
</tr>
<tr>
<td>2</td>
<td>Aluminium&amp;C° Semi-finished aluminium</td>
<td>€ 500 million</td>
<td>1600</td>
<td>+90%</td>
</tr>
<tr>
<td>3</td>
<td>Resins&amp;C° Finished industrial resins</td>
<td>€ 1.1 billion</td>
<td>700</td>
<td>+80%</td>
</tr>
<tr>
<td>4</td>
<td>Enamel&amp;C° Finished and semi-finished ceramic steel</td>
<td>€ 300 million</td>
<td>1100</td>
<td>+70%</td>
</tr>
<tr>
<td>5</td>
<td>Sugar&amp;C° Sugars and derivatives</td>
<td>€ 880 million</td>
<td>850</td>
<td>+35%</td>
</tr>
<tr>
<td>Case</td>
<td>Phase</td>
<td>Industry Globality</td>
<td>Preparedness to Internationalization</td>
<td>International Marketing Strategy</td>
</tr>
<tr>
<td>------------</td>
<td>-------</td>
<td>-------------------------------------</td>
<td>--------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1 Stain&amp;C°</td>
<td>1</td>
<td>High</td>
<td>Low</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consolidated and standardized demand</td>
<td>No marketing/sales activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Idem</td>
<td>Medium</td>
<td>Direct export</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sales-driven/Pan-European</td>
<td>Local sales alliances</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Idem</td>
<td>High</td>
<td>Forward integration</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Service-driven/Global</td>
<td>(fully) controlled global marketing/service network</td>
</tr>
<tr>
<td>2 Aluminium&amp;C°</td>
<td>1</td>
<td>Medium (bulk market)</td>
<td>Medium (bulk market)</td>
<td>Direct export</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Import tariffs</td>
<td>European sales focus</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>High</td>
<td>Medium</td>
<td>Direct export</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consolidated supply</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Medium (niche markets)</td>
<td>Medium (niche markets)</td>
<td>Direct export</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Import tariffs</td>
<td>European sales focus</td>
<td>Niche marketing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cultural differences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Resins&amp;C°</td>
<td>1</td>
<td>Medium</td>
<td>Medium</td>
<td>Local sales office per local production facility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local market profiles</td>
<td>Multinational perspective</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Idem</td>
<td>High</td>
<td>Pan-European sales organization</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Pre-empting industry globalization</td>
<td>Centralized production</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>High</td>
<td>High</td>
<td>Priority on global customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer concentration</td>
<td>Further concentration of production</td>
<td>Service-driven sales organization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Homogeneous demand</td>
<td>and prioritizing global customers</td>
<td></td>
</tr>
<tr>
<td>Case</td>
<td>Phase</td>
<td>Industry Globality</td>
<td>Preparedness to Internationalization</td>
<td>International Marketing Strategy</td>
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<td>-------</td>
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<tr>
<td>4</td>
<td>Low</td>
<td>Fragmented markets</td>
<td>Low: Local&lt;br&gt;Medium: Multinational</td>
<td>Local for local</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>Concentration and vertical integration</td>
<td>Medium: Pan-European&lt;br&gt;Niche: Multinational</td>
<td>Mix between added value niche player and volume-driven in bulk market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Niches: medium&lt;br&gt;Limited due to cultural barriers</td>
<td>- Niches: high&lt;br&gt;Pan-European focus</td>
<td>- Niches: medium&lt;br&gt;Added value market leader in Selected niches (service-driven)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>or</td>
<td>or</td>
<td>Bulk: high&lt;br&gt;Standardized portfolio (volume-driven)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Bulk: high</td>
<td>- Bulk: medium&lt;br&gt;Global focus&lt;br&gt;Poor global distribution system</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Low</td>
<td>National borders closed</td>
<td>Low: Local&lt;br&gt;Medium: Local&lt;br&gt;High: Only with specialties</td>
<td>Local in bulk product</td>
</tr>
<tr>
<td></td>
<td>Idem</td>
<td></td>
<td>Low: Local&lt;br&gt;Medium: Only with specialties</td>
<td>Local in bulk product&lt;br&gt;Regional direct export for specialties</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td></td>
<td>Medium: Only with specialties&lt;br&gt;High: Bulk and specialties</td>
<td>Pan-European take-overs in bulk&lt;br&gt;Pan-European direct export for specialties</td>
</tr>
<tr>
<td></td>
<td>Idem</td>
<td></td>
<td>- Idem</td>
<td>Pan-European consolidation strategy for bulk (local for local sales)&lt;br&gt;Pan-European direct export for specialties</td>
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<tr>
<td></td>
<td>Medium/high</td>
<td>Consolidation in bulk</td>
<td>High: Idem</td>
<td></td>
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