The Relationship between Standardization/Adaptation and Performance

- An Empirical Study on E-commerce Firms

Author(s): Oliver Göransson, 881011
Master Marketing Programme

Björn Sahlquist, 870903
Master Marketing Programme

Tutor: Prof. Ander Pehrsson

Examiner: Ass. Prof. Sarah Philipson

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Abstract
The pace of globalization has increased over the last decades due to liberalization of trade policies, ease and stability of monetary systems as well as advances in transportation and information technology. Among those who have capitalized on these advances, e-commerce firms can be found. This is a branch that has had consistent growth in recent years and has reaped the fruits of globalization by exporting to foreign markets due to the inherent flexibility in the e-commerce business model. With export, issues arise concerning international marketing strategy, which has to be addressed.

An ongoing 50 year debate has been in focus in the field of international marketing strategy standardization and adaptation. For the longest time, advocates of standardization and adaptation argued for the benefits of the respective approaches. However, since the beginning of the 90’s a third perspective has emerged, called the contingency perspective, which suggests that there is no universal optimum in the strategy choice. Instead, different factors in the environment, both internal and external, form a co-alignment with a certain degree of standardization/adaptation, which is ultimately decided by the performance outcome of the fit.

In this thesis, a gap in the literature was found concerning the relationship between degree of standardization/adaptation and export performance, no studies could be identified that investigated this relationship for e-commerce firms. This implicated issues concerning the measurement of international marketing strategy due to the specific nature of e-commerce firms. Consequently, an alternative measurement model was developed, based on Constantinides (2002) 4S’ Web-Marketing Mix model and a quantitative study was carried out with the help of a questionnaire, that yielded 117 responses from Swedish e-commerce firms exporting to foreign markets.

The result of the study unveiled a negative relationship between adaptation of international marketing strategy and export performance for e-commerce firms concerning adaptation of strategic and operational goals, synergy with third parties and technological systems, whereas adaptation of the web experience showed a positive relationship, giving managers a base to decide how to allocate resources in a way that enhances performance.

Keywords: International marketing strategy, standardization, adaptation, export performance contingency perspective, e-commerce
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Oliver Göransson & Björn Sahlquist
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1. Introduction

In this first chapter, we will present the background regarding the topic of the thesis. The main concepts are presented to give a first insight in the field and why the topic is of interest, thus basic principles of the concepts are discussed and then problematized to finally reach the purpose. Lastly, delimitations of the study are presented.

We live in a world that has experienced a dramatic globalization of the business scene, where competition has increased with a vast number of companies of different size and country of origin (Theodosiou & Leonidou, 2003; Katsikeas et al., 2006). The wave of internationalization is, among other factors, due to the liberalization of trade policy, ease and stability of monetary transactions and substantial advancements in transportation, communication and information technology (Theodosiou & Leonidou, 2003).

1.1 E-commerce

E-commerce is one of the outcomes of the recent advance in information technology. The advancements have caused prices of networking and hardware to fall, causing the rate of technology adoption for the purpose of e-commerce to increase (Ho et al., 2007). Grandon & Pearson (2004, p.197) defines e-commerce as: "the process of buying and selling products or services using electronic data transmission via the Internet and the www." E-commerce is independent from time and location and it is also a way of business which may level the competition between large and smaller firms (Grandon & Pearson, 2004). However, Constantinides (2002) points out that due to lack of awareness to the basis of competition and failure to exploit new technologies in an effective way, many firms are limited to take part in this new business phenomenon. It is not only through lower operating costs that companies, conducting business online, have an advantage. Indications point to an upcoming rapid growth of e-commerce revenues and a growing consumer willingness to engage in this type of transactions (Constantinides, 2002). In 2011, the total turnover for the world’s B2C e-commerce reached 944,807 million USD, an increase by 93% from 2007. Since 2007 Europe has passed North America in total B2C e-commerce turnover. The European turnover increased by 95.7% between 2007 and 2011, while that of North America was only 46.8%. More specifically three countries in Europe accounted for 61.6% of 2011’s turnover. UK alone accounted for 31.9% of the European turnover. Another country of interest is Sweden. Yearly turnover vary between sources, but Sweden ranks high in Europe with a turnover per Internet user ratio of 1.27, slightly higher than France’s 1.00, and significantly higher than
Germany’s 0.73. UK is still in the lead, with 2.13. These numbers indicate that more and more transactions are made online (EMOTA, 2012-04-16). The e-commerce business branch is growing and represents 6% of Sweden’s total retailing turnover (Svensk Distanshandel, 2013-03). This indicates opportunities for Swedish companies to invest in and develop their e-commerce businesses.

Due to developments in information technology and the implementation of e-commerce, opportunities have occurred for companies to do business in more ways than the traditional brick-and-mortar transaction way, such as reaching narrow market segments that are widely spread (Grandon & Pearson, 2004). E-commerce opens up possibilities to reach outside the traditional demographic and geographical boundaries that normally separate a company with its potential customers. And the growing willingness among consumers to conduct transactions online is another incentive for companies to move into the virtual marketplace for a chance of reaping growth and profit from this new phenomenon. However despite this growth and developments many firms miss out on this new occurrence (Grandon & Pearson, 2004). As mentioned, lack of awareness to the basis of competition and failure to exploit new technologies makes firms limited to take part of these opportunities.

Technology advancements has linked together local national markets to become a global marketplace (Hultman et al., 2009), and this has opened up opportunities for firms to increase their customer base and market share. This is a reality for e-commerce firms as well in a very high degree, since websites, or “web shops”, are not limited to national borders (Constantinides, 2002). Customers from all over the world have the possibility to purchase, which raises issues concerning the strategy of a firm. Whether the e-commerce firm likes it or not, they are acting on a global market where competitors from foreign markets are competing for the same customers on each other’s door steps. Thus, it is not enough to develop marketing strategies based on customers and market characteristics of the home market alone, instead there is a need to take the potential foreign markets in consideration (Theodosiou & Leonidou, 2003). Evidently firms need some kind of aiding tool to take control and become aware of how to handle these new business transactions, competition and opportunities.
1.2 Standardization vs. Adaptation

E-commerce, as any other business, must consider new strategic approaches enabling efficient use of company resources in the new environment to stay competitive in foreign markets (Theodosiou & Leonidou, 2003). One of the most important strategic choices is whether to standardize or adapt marketing strategy in foreign markets. Regardless of entry mode, it is pivotal to analyze the market conditions and environment to apply a suitable marketing strategy, when expanding business abroad (Theodosiou & Leonidou, 2003; Katsikeas et al., 2006; Schilke et al., 2009). This is not a new area of research, whether to pursue standardization or adaptation of marketing strategy has been the center of a 50 year long debate between advocates of the two approaches.

The proponents of standardization argue that globalization leads to greater market similarity, more technological uniformity and more homogenous customer needs, tastes, and preferences (Levitt, 1983; Ohmae, 1985; Theodosiou & Leonidou, 2003). As a result of these advancements, the strategy of standardization has been argued to generate certain benefits for companies. First and foremost, standardization gives the firm economies of scale, hence reducing costs. Another benefit is that the company can communicate a consistent brand across all countries, which is important in a world where consumers are extremely mobile and travel much (Levitt, 1983; Douglas & Craig, 1986; Yip et al., 1988; Theodosiou & Leonidou, 2003; Schilke et al., 2009). Lastly, there is the advantage, that with a standardized strategy the coordination of international operations becomes more manageable (Theodosiou & Leonidou, 2003; Schilke et al., 2009).

In contrast, the proponents of the adaptation approach argue that despite increasing globalization there are still significant differences between countries, in consumer needs, terms and conditions, regulations, purchasing power, commercial infrastructure etc. The criticism is about the oversimplification of reality that comes with a pure standardization strategy (Boddewyn et al., 1986; Wind, 1986; Douglas & Wind, 1987; Theodosiou & Leonidou, 2003), and that cost reduction alone does not apply to a company’s ultimate objective; to create long-term profitable growth. Instead, the proponents of adaptation argue that firms should exploit different customer needs and wants in foreign markets and thereby enhance the value delivered, which in turn would support long term profit (Onkvisit & Shaw, 1990; Rosen, 1990; Szymanski et al., 1993; Whitelock & Pimblett, 1997, Theodosiou & Leonidou, 2003).
However, there is a third view called the contingency perspective. Proponents of this view suggest that the two approaches should not be seen as mutually exclusive, instead they should be seen as two ends of the same scale and the degree of standardization/adaptation (DSA) of international marketing strategy should be found in between the two (Theodosiou & Leonidou, 2003; Lages et al., 2008; Schilke et al., 2009). The contingency approach also suggests that there is no universal DSA, it is determined by contingent factors, either internal or external and the ultimate way to assess the effectiveness of the chosen DSA is argued to be by monitoring firm performance in the foreign market (Samiee & Roth, 1992; Szymanski et al., 1993; Cavusgil & Zou, 1994; Theodosiou & Leonidou, 2003).

1.3 Problematization

Previous researchers have investigated firms’ strategic options, standardization/adaptation of international marketing strategy, in relation to foreign market performance in several different contexts. In a meta-study by Theodosiou & Leonidou (2003) conducted on 36 studies that treats international marketing strategy standardization and adaptation, two-thirds of the studies were conducted on multinational corporations (MNCs) while only one-third was conducted in the context of exporting firms. Szymanski et al. (1993) conducted an empirical study which focused upon the standardization of the pattern of resource allocation among marketing mix variables across national markets. Their results show that the effects of competitive strategy and market structure variables generalize across markets with similar characteristics, hence, the standardization of marketing strategy coaling with the market characteristics and created a strategic fit with high performance as an outcome. Another study that investigated marketing strategy – performance relationship is Cavusgil & Zou (1994). Their study was conducted in an export venture context and concluded that key determinants for high export performance are the company’s international competence, and managerial commitment. Their results show that when these determinants co-align with internal and external factors, the company will reach superior performance. However, this research has been conducted on brick-and-mortar firms operating in the physical marketplace and not on the new virtual marketplace which requires new ways of planning and acting as the characteristics are significantly different from a physical marketplace and company structure (Constantinides, 2002). Since e-commerce firms’ strategic and operational levels are more intertwined, it is difficult to ensure that traditional viewpoints are efficient and applicable ways of taking on the strategic choices that have to be made. Thus, new marketing paradigms have to be considered to investigate and evaluate e-commerce business strategy in foreign
operations. One of the most used indicator of marketing strategy, both domestic and internationally, has been the 4P marketing mix, in fact it is safe to say that the field of international marketing strategy is based on this notion (Grönroos, 1997).

The Marketing Mix is a well-known concept and marketing tool, which has been the sum of marketing activities for several decades. The term was first coined by Neil Borden in 1953 (Waterschoot & van den Bulte, 1992; Grönroos, 1997) after getting the suggestion from his associate, Professor Culliton, who described marketing executives as somebody who mixed marketing procedures and policy ingredients to produce a profitable enterprise, hence, the term ”marketing mix” (Borden, 1984). Borden (1984) discuss the fact of a dynamic, changing world and society which stress the importance of foreseeing managers who can study trends and devise long-range plans to keep their companies running and successful in rapidly changing markets. The marketing mix would work as a long-range planning device that would fit the world several years ahead. To facilitate practical implications of the concept, writers on the topic tried to itemize the large number of influencing factors affecting the marketing decisions. One author’s work had a significant impact in subsequent literature, McCarthy (1960) formulated the classification of the 4Ps, Product, Price, Place and Promotion. Waterschoot & van den Bulte (1992, p. 84) states that: ”it has become the most cited and the most often used classification system for the marketing mix, both in the marketing literature and in marketing practice. Hence, the 4P system may well be called the traditional classification of the marketing mix”. However, Grönroos (1997) argues for a paradigm shift in marketing. His notion is that relationship marketing is one of the new marketing paradigms and that the ”evolving recognition of the importance of customer retention and market economies and of customer relationship economies, among other trends, reinforce the change in mainstream marketing” (Grönroos, 1997, p.322). He criticize the traditional marketing mix model and the 4Ps that so quickly became unchallenged in marketing, meaning that other approaches to marketing were neglected and ignored. Borden’s initial idea contained a range of different variables affecting an executive’s marketing decisions (Border, 1984), and with the 4P’s simplification of this concept academics soon begun to add additional P’s since this way of defining a phenomenon contain shortcomings. A predefined list does not include all relevant variables and does not fit every situation (Grönroos, 1997).

Hoffman and Novak (1997, in Constantinides, 2002, p. 58) state that “...marketers should focus on playing an active role in the construction of new organic paradigms for facilitating
commerce in the emerging electronic society underlying the Web, rather than infiltrating the existing primitive mechanical structures”. This suggestion emphasizes and adds to the objections raised against the traditional view of marketing where marketers rely and use the unchallenged toolbox provided by Border and McCarthy. Common to these presentments is the dynamic world and markets firms operate in. While it is suggested that there are constant changes that firms must take into account and thus not lock up a paradigm to apply their marketing by, executives ought to attend to the specific situation they currently find themselves in, and take into account several marketing paradigm to optimize their marketing strategies (Grönroos, 1997; Constantinides, 2002). More recently, Constantinides (2002) discuss e-commerce and the new upcoming views in this field. He argues that the new virtual world has made markets more segmented, niche-dominated and interactive, which put more emphasize on customer retention, customer service and relationship marketing as advocated by Grönroos (1997). Seeing the Marketing Mix as the traditional, unchallenged, marketing paradigm in the physical world, the applicability to the virtual world is however questioned (Constantinides, 2002; Schmidt et al., 2008). Foremost the lack of explicit interactivity in the Marketing Mix elements is highlighted, since the virtual world/market is much based on interactivity. A way to solve the problems conveyed when moving from a physical to a virtual world is to integrate the online strategic planning into the operational marketing planning, which would create much more flexibility in the approach. It would introduce an e-commerce strategy that in line with the corporate physical strategy, would be flexible and easily adaptable to fast changing online conditions, thus, creating greater opportunity for higher performance.

To evaluate the benefits of the DSA on this new marketing strategy model for e-commerce, and in line with previous literature, the ultimate way is argued to be by measuring performance (Samiee & Roth, 1992; Cavusgil & Zou, 1994). In the case of e-commerce businesses conducting business overseas, export performance is relevant to monitor. However, the field of export performance is according to several authors a diverse research area in terms of conceptualization, operationalization and measurement (Zou & Stan 1998; Katsikeas et al., 2000; Sousa et al., 2008). Although, in more recent years, in the late 90’s and during the 00’s extensive research have been carried out in order to summarize previous literature and the result of this is the decomposition of export performance measures to a number of aspects important to address (Zou & Stan 1998; Katsikeas et al., 2000; Sousa et al., 2008). These main aspects are monetary vs. non-monetary measures, objective vs. subjective
measures and whether to evaluate total export or solely one export venture (Zou & Stan, 1998).

1.4 Purpose
The purpose of this thesis is to investigate the relationship between the degree of standardization/adaptation of international web marketing strategy and export performance for Swedish e-commerce businesses exporting to foreign markets.

1.5 Delimitations
This thesis is delimited to investigate Swedish e-commerce firms exporting to at least one foreign market. The theories concerned with international marketing strategy standardization/adaptation are approached with the contingency perspective and the specific contingent factor investigated in this thesis is, indirectly, the firm characteristic e-commerce. Further, the degree of standardization/adaptation is delimited to focus on a revised version of Constantinides’ (2002) 4S Web-Marketing Mix model. Lastly, performance measurements are delimited in the study to investigate performance with subjective measures and the export venture as the unit of analysis.
2. Literature Review

Chapter two addresses previous literature regarding the relationship between standardization/adaptation and performance, in what contexts it has been investigated and what outcomes the studies resulted in.

2.1 Standardization, Adaptation and Performance

As previously mentioned there has been a 50 year long debate over which strategic choice to make concerning foreign market ventures, standardization/adaptation. Proponents of the two approaches have both valid arguments, however, both are in fact "right" in the sense that either one fit under the right circumstances. This line of thought is essentially the basis of the contingency perspective, where different contingent factors in the macro and micro environment influence the performance outcome of the DSA (Katsikeas et al., 2006). In addition, standardization and adaptation should not be seen as mutually exclusive, instead, they should be seen as the two ends of the same scale and the optimal strategy is a certain degree of standardization/adaptation (Katsikeas et al., 2006) As with other strategic issues it all boils down to the objective of high performance, thus, the ultimate way to determine the effectiveness of an international marketing strategy is to evaluate its performance (Jain, 1989; Samiee & Roth, 1992; Szymanski et al., 1993; Cavusgil & Zou, 1994; Theodosiou & Leonidou, 2003). An overview of the field of international marketing strategy standardization/adaptation is given in table 1 below, explaining the rationale and expected outcomes of the different perspectives.
Table 1: Overview of standardization, adaptation and contingency perspectives

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Rationale</th>
<th>Expected outcome</th>
<th>Sources</th>
</tr>
</thead>
</table>
| Standardization                 | - Market similarities/homogenious markets  
- Technological uniformity  
- Homogenous customer needs, tastes and preferences | - Economies of scale, reducing cost  
- Communicate consistent brand and corporate image  
- More manageable and controllable coordination of international operations                        | Levitt, 1983; Ohmae, 1985; Douglas & Craig, 1986; Yip et al., 1988; Theodosiou & Leonidou, 2003; Schilke et al., 2009 |
| Adaptation                      | - Significant differences between countries  
- Heterogenous customer needs  
- Terms and conditions  
- Regulations, purchasing power etc. | - Enhanced customer value delivered  
| Contingency perspective         | - International web marketing strategy elements can take on different levels of standardization/adaptation, no universal strategy exist. Instead contingency factors influence the variety of strategy elements. | - Creation of an optimal international marketing strategy without denying any alternative on the scale made up by standardization and adaptation.                        | Samiee & Roth, 1992; Szymanski et al., 1993; Cavusgil & Zou, 1994; Theodosiou & Leonidou, 2003; Lages et al., 2008; Schilke et al., 2009 |
However, in relation to the vast amount of literature regarding the antecedents of strategic choice there is few empirical studies conducted on the relationship between standardization/adaptation and performance (Theodosiou & Leonidou, 2003; Katsikeas et al., 2006). In the meta-study by Theodosiou & Leonidou (2003) a total of 18 empirical studies were identified with the relationship between standardization/adaptation of international marketing strategy and performance as the center of interest. Similarly, Katsikeas et al. (2006) conducted an extensive literature review, identifying 13 empirical studies conducted on the same relationship. Their study on U.S., Japanese, and German subsidiaries within MNCs operating in the U.K., indicate that degree of strategy standardization is significantly related to similarity between markets in relation to regulatory environments, customs and traditions, customer characteristics, a product’s stage in its life cycle, and competitive intensity. Regarding performance the study’s findings suggest that superior performance only is obtained when MNC’s external environment and its international strategy choice has a fit, which is when there is strong linkage between strategy choice and the context it is implemented in (Venkatraman, 1989; Lukas et al., 2001).

In the limited amount of empirical studies that have been conducted there is conflicting evidence regarding strategic choice’s impact on performance. For example Syzmanski et al. (1993) find that standardizing firm strategic resources across markets that are similar enhances performance. Their results of studying standardization across national markets found it desirable for firms to endeavor a standardized approach across markets of homogeneous character. When employing a similar pattern of standardization across markets similar to each other, the standardized approach evokes similar performance responses on these markets when a fit is present. In contrast, Kotabe and Omura (1989) find that firms are better off standardizing products when market conditions differ, performance are higher for these firm than firms that adapt their products in foreign markets. These findings are in contradictory to what Cavusgil and Zou’s (1994) study indicate. Their study presents a positive result between product adaptation and performance when market conditions differ. Although, adaptation is suggested to be costly (Knight, 2001; Szymanski et al., 1993), the use of less standardized marketing programs creates more costs for the firm that should not be passed on to customers; hence, it has a negative impact on performance. Compromises between standardization and adaptation might be necessary, but creating an altered marketing program run the risk of increasing the complexity of firm’s management and in addition
increase costs for administration and coordination of the adapted elements (Szymanski et al., 1993).

Cavusgil & Zou (1994) found that an export firm’s performance can be linked to its marketing strategy and in line with what Theodosiou and Leonidou (2003) later stated with their meta-analysis, that the proposed conceptualization, that the co-alignment of marketing strategy standardization/adaptation with the external and internal factors has a positive effect on performance. Through a thorough analysis Theodosiou & Leonidou (2003) state that, it is the strategic fit that will determine if a firm will reach superior performance and not the individual choice of marketing strategy standardization or adaptation. It is by making sure there is a co-alignment between the strategic choice and the context it is implemented in, that will ensure superior performance. This is strengthened by Katsikeas et al. (2006) with their findings that a firm will only reach superior performance only to the extent that the firm has successfully achieved a co-alignment between the strategy implemented and important contextual factors. Hence, firms have to properly match the unique context in foreign markets with their marketing strategy and will only then reach superior performance, which is also supported by Schilke et al., (2009).

As seen, there is disagreements about which strategic choice that would benefit company performance. However, what stands out as the important aspect, is regardless of the strategic choice, the company must evaluate the external factors, the context in which it operates within. The studies that have been conducted in the area has to a large extent treated MNC and exporting firms (Theodosiou & Leonidou, 2003; Katsikeas et al., 2006). However, previous research has not made any distinction of exporting firms regarding the characteristics of the firms being brick-and-mortar or click-and-mortar/pure players. This has resulted in that the area of e-commerce has not received major attention in relation to strategic choices of their international marketing strategy. Despite the long debate on standardization vs. adaptation, the debate has not yet fully reached the virtual marketplace and the context in which e-businesses are operating within (Sinkovic et al., 2007). The studies that have touched on e-commerce in this aspect is still limited and tendencies show that the focal point is on e-business strategy adaptation in relation to the cultural differences in the countries they operate in.
Singh et al. (2009) investigated degree customized of their websites and found that businesses adapt their websites to capture the cultural differences in their foreign countries. Although, the spectrum of this adaptatin is not yet extensive. Likewise, Alhorr et al., (2010) argue that web adaptation to the local market and cultural customization should be an important part of firms’ global strategy since global customers prefer local content that is adapted to their unique language and cultural preferences. They argue that it is imperative to look at e-commerce strategies as adaptive strategies that match the external environment in which the firm operates within. This approach will then leverage global opportunities and strengthen the competitiveness globally.

Based on the past studies conducted on e-commerce firms, a gap can be identified in the field of international marketing strategy standardization/adaptation, the few studies that have been conducted are narrow in nature, only focusing on the impact of culture, and have thus failed to contribute to a holistic framework covering the complex nature of Web strategies. However, Constantinides (2002) developed a model that raises the issue with e-commerce web strategy. The model includes the website, which is highlighted as one of the most important elements for an e-business. However, additional levels and elements are stressed in the model. Constantinides deem that due to e-commerce’s deviation from traditional trading methods, a new approach has to be taken. For example, he believes that the strategic and operational strategic objectives merges when a firm moves toward the virtual marketplace and to eliminate the issues that this can bring forth these should be integrated.

International marketing strategy in relation to performance has also been sparsely investigated in the context of e-commerce firms, in fact the authors could not find any. Consequently, there is a need for a performance measurement scale that applies to those specific firms. Since the purpose of this thesis implicates measuring performance of e-commerce firms that delivers to countries outside their host country borders, an export performance scale is applicable. Zou et al. (1998) identified a need for a general measurement scale for exporters and thereby created the EXPERF scale. Although it has been 15 years since the scale was developed, the theory behind the scale is in line with the current view on performance (e.g. Katsikeas et al., 2006 & Schilke et al., 2009) that performance cannot solely be measured in financial terms, and that it has to include non-financial measures as well. Zou et al. (1998) identified three recurring theoretical themes that made the basis of the measurement scale, financial outcomes, strategic outcomes and the overall satisfaction with the export venture.
3. Theoretical Framework

Previous chapter gave an insight in previous literature regarding standardization/adaptation and performance and the studied contexts. In this chapter the theoretical framework is presented, which is based on Constantinides’ (2002) 4S Web-Marketing Mix model and Zou et al.’s (1998) EXPERF scale for measuring Export Performance. The state of the art is discussed and finally the conceptualization, analysis model and hypotheses are presented.

3.1 The 4S Web-Marketing Mix model

A proposed solution for an integrative online strategy is presented by Constantinides (2002), and is called The 4S Web-Marketing Mix model in which four online marketing critical groups are identified; the Scope (strategic issues), the Site (operational issues), the Synergy (integration into the physical processes) and the System (technical issues). The model is primarily a tool for brick-and-mortar companies planning on an entrance to the virtual marketplace but Constantinides (2002) emphasize that the model could and should also be a tool for existing e-commerce firms in line with evaluation and reevaluation of their online presence.

Grönroos (1997) criticized the four Ps being predefined, not covering all relevant variables, and that it would not be able to fit every situation. The 4Ss could meet the same critics, although, Constantinides (2002) emphasize that since the traditional marketing mix is incompatible with e-commerce, e.g. the 4Ps only being a small part in the total customer Web experience, the 4S model takes more aspects into account. The new model contains the 4Ps, customer relationship variables and most importantly the model contain a greater level of interactivity. Another reason why the 4Ps would not be suitable for e-commerce business is that the concept has been developed as an operational tool rather than a strategic. This works in a physical world where strategic management features are separated from the operational level. In e-commerce however, these are more closely joint, which requires an approach that that bring them together. Constantinides (2002) points out two main issues: The conventional strategic process is time consuming and time in the Web is often in short supply and second, the nature of the Internet is volatile, fast changing and constantly evolving, which rapidly outdate conventionally developed strategies making them obsolete quickly.

3.1.1 Scope

The first S in the model brings up the strategic character of the web strategy for the online venture.
(1) Strategic and operational objectives
For the online operation to generate additional value and support the physical organization, online activities should be created to pursue their own strategic objectives, in line with the corporate mission and strategic goals. E.g. these types of objectives could be to enhance profitability, raising revenue, increase customer retention or awareness among new groups (Constantinides, 2002).

(2) Market definition, market potential and identification/classification of potential competitors, visitors and customers of the site.
The first subgroup deals with an analysis of external factors. Due to fast changing and growing markets, e-commerce business is subject to constant changes in many customer related fields, thus it becomes vital for an e-commerce firm to identify its potential customers’ characteristics, market domain and competitions’ online strategies, demographics, online population and the Internet in its entirety. The amount and complexity of these factors make the market analysis an especially rough task. One issue that might occur for e-commerce businesses is in relation to potential customers. For a traditional brick-and-mortar company, customers are of physical form and present themselves often within the considered demographics, technographic and culture background. For an e-commerce business these typical characteristics can noticeably differ when the type business have a higher possibility to reach out to potential customers than traditional businesses. Customers may even be located outside the firm’s normal geographical area of operation which raises issues regarding e.g. distribution and legal issues. As stated the task is difficult and Constantinides (2002) mean that if there is no available data on these issues, assumptions must be made to best suit these influences, and these assumptions must constantly be refined using online and physical information about customers and market.

(3) The degree of readiness of the organization for e-commerce
The second subgroup refers to internal factors within a company. There are three factors that should be the center of evaluation to determine a firm’s readiness for e-commerce. Depending on a firm’s resource, processes and values a step into e-commerce could either have a sustaining or disruptive effect. Later this evaluation will lead to a refined, proper strategic role for the e-commerce operations. In the case of the evaluation giving a No-Go indication for the firm, the option of separating the physical and online parts of the firm becomes an option, although, "such a strategy seems often to be an attractive solution, such options must be
always treated with caution” (Constantinides, 2002, p. 64). For one must not forget that for e-commerce companies, strategic and operational planning are more closely joint and should be dealt with accordingly.

(4) The strategic role of e-commerce for the organization

The strategic role of e-commerce is most simply described as the business model, the assigned task for the online activity. This role is often based on a combination of generic strategy approaches, the most common being the informational, educational, service oriented, promotional, relational and transactional. The strategic role(s) chosen will have important consequences for the site identity, positioning, style and atmosphere, content, functionality and any other element of the Web Experience. An important aspect is to differentiate the site and create Web Unique Selling Propositions that will appeal to the target groups.

E.g. a case study of the firm ABC Portfolio, a Portfolio management firm in Greece, display the process and role result by their work of identifying their potential customers visiting their web site as portfolio managers, shareholders, private investors and the press (part of Scope, subgroup 1 analysis). The main issue for the firm was that a majority of the potential customers at the time preferred the traditional sources of information and ways of contact with investment funds. Hence, the major factors that would give these customers incentives to visit and return to the website was to obtain high quality information, speed and easy navigation of the site and user friendliness and that should become the prime source of market information about the Athens Stock Exchange. The example show how the different subgroups work together and that after identifying the web site visitors and preferences, focus was on the firm’s strength of high quality information which evolved into the web sites strategic role to attract visitors and customers.

3.1.2 Site

The site, customer interface and the prime source of customer experience, hence, the most important communication element of e-commerce. The site is the functional platform for communication, interaction and transaction, and its prime objective is to attract traffic, establish contact with potential customers. A pivotal aspect of the site is that resources and focus must be put to the site’s findability, site speed, available bandwidth and other technical limitations together with the average user’s skills in mind. Some other common site objectives are:

- Providing firm information.
• Provide customer service and helpdesk to enhance customer retention and loyalty.
• Allowing direct sales and facilitating online payment.
• Allowing customer to communicate and interact with the firm as well as creating online content.

Returning to the ABC Portfolio firm example, these points are demonstrated on how to practically implement these points. The web experience was decided to be based on; the Unique Selling Proposition being the power of information, openness, honesty and respect for the customer. All information contained on the web site should be reachable within three mouse clicks and the content of the site would be continuously update. Another important objective was that it should be bilingual to reach out to more than just the Greeks, thus English was an optional language. To increase customer retention, the firm offered additional service for frequent users, by becoming a member of the ABC club.

3.1.3 Synergy
The synergy is seen as embracing a wide range of issues divided into three categories: The Front Office, the Back Office and the Third Parties to realising the virtual organisation’s objectives. The synergies developed can show in integrations between the physical- and the virtual organisation and between the virtual organisation and third parties.

The Front Office in this context is referred to as the conventional corporation communication and distribution strategies. These elements underline the need to examine and identify ways that would facilitate the full integration of the Web operation into the company’s communication plan and corporate style. The objective with this step is to inform existing customer as well as potential customers about the activities and outline the benefits of doing business online. This synergy is not restricted only to an introductory state but the two businesses, virtual and physical, would in time support each other in this process. The virtual business would e.g. support the physical business with important customer and market data as well as a retail outlet and an efficient communication instrument. Regarding the Back Office activities, these activities aim at integrating e-commerce support activities into the existing organisational processes and integrate the online operation into the company’s value system. Customer support processes is essential for any company but especially for e-commerce companies since frustrated customer, with little effort, only have few clicks to the nearest competitor. Constantinides (2002) mean that online service is the Achilles heel of many e-commerce business, thus managers should evaluate the company’s existing value chain to
facilitate the Web Back Office needs. This evaluation is done through previously mention Scope analysis and will reveal possible weaknesses and outline necessary changes to be done. The second integration is the company’s Value System. It should include all external participants in the firm’s value system that directly or indirectly affect the production, distribution and logistics processes. It is also important with an efficient consumer response strategy that joins production and inventory management.

Another aspect of e-commerce success is the networking with third parties. The goal with cooperating with third parties is to strengthen the e-commerce firm’s competitive position and the collaboration should be seen as complementary to the traditional promotional activities (Constantinides, 2002). There are three main approaches to this, the first being the use of search engines and Web directories which can increase the firm’s exposure by letting customers more easily find and access the site. The use of search engine optimization (SEO) is based on the use of techniques and programming tools such as meta-tags, keywords, editing content, HTML etc. (Xing & Lin, 2006). A second choice of cooperation with third parties is to create affiliate networks. This is done by signing with other sites to get permission to place a link or banner on their website to attract new visitors and potential customers. An important task for the managers in the event of creating affiliating networks is to oversee participating sites and companies so that dubious actors are kept away to not disparage the own firm.

And the third option is to have online advertisement. According to Constantinides (2002) this type of cooperation has been questioned due to the click-through rates which are perceived as low. However, it is done by placing interactive advertisements at popular sites or sites that already attracted potential customers to one’s own target group. The selection of what sites that one’s company should advertise on is stricter and after choosing collaborator, originality, capturing power and timing of the advertising copy are key success factors.

3.1.4 System
The information and communication technology (ICT) still remains the backbone of e-commerce, however it has to be put into perspective and it should never become the starting point for online activities (Constantinides, 2002). At first, technology was seen as the main driving force behind Internet growth, which leads to technology overkill, undermining the strategic and commercial principles that should underpin any online organization. However, there are some main areas which system-related decisions are to be made:

- Web site administration, maintenance and service
- Web server hosting and choice of the Internet Service Provider
- Site construction
- Content management
- Site security
- Transaction functionality
- Collection, processing and dissemination of the Web site traffic and transaction data
- System backup

ABC Portfolio made the decision to host its web site on their own due to efficiency reasons and regarding content management it was important to closely deal with the continuous technical improvement and the management of incoming user information and inquiries. The security level was moderate in the beginning only covering the members club.

A graphical presentation of the 4S Web-Marketing Mix model is presented below:

**Figure 1: The 4S Web-Marketing Mix model**

![4S Web-Marketing Mix model](image)

Model adapted from Constantinides (2002)

### 3.2 Export Performance

International performance has for a long time been a subject of study for academics and scholars, almost 50 years has passed since the pioneering work by Tookey (1964) who identified key factors related to successful export performance. Since then, numerous empirical studies have been conducted in the field, which according to Zou & Stan (1998) highlights the importance of the issue and justifies further investigation. Despite the large amount of research identifying key determinants and their influence on performance, the research field is considered to be fragmented and diverse which in turn complicates comparability of findings from different studies and hinders theory development.
of export performance (Zou & Stan, 1998; Katsikeas et al., 2000; Sousa, 2004; Sousa et al., 2008; Hultman et al., 2009). As a consequence a few authors over the years have conducted extensive literature reviews in an effort to summarize and synthesize a holistic conceptual framework and the results of these studies have, inter alia, contributed to a systematic classification of different performance measures (Zou & Stan, 1998 Katsikeas et al., 2000; Sousa 2004; Sousa et al., 2008). There are three main aspects of performance measure that authors in this field address (1) Economic vs. Non-economic indicators, (2) Subjective vs. objective indicators and (3) the Unit of Analysis (i.e. total export vs. single export venture).

3.2 Economic vs. Non-economic indicators

The knowledge that export performance measures is, and should be considered as a multidimensional construct has been highlighted in previous literature (Cavusgil et al., 1993; Cavusgil & Zou, 1994). There are basically two types of indicators, those of economic and those of non-economic nature and both is seen as relevant and necessary to make a holistic assessment of the performance construct (Cavusgil & Zou, 1994; Sousa et al., 2008). Despite this, the bulk of performance indicators seem to be of economic nature and little attention has been given to the non-economic indicators (Cavusgil & Zou, 1993; Katsikeas et al., 2000). The economic or financial indicators refer to indicators such as profit, sales and costs. Some of the most frequently used are export sales ratio, sales growth, sales volume, profitability and export profitability growth. Non-economic, non-financial or ‘strategic indicators’ on the other hand, include common indicators such as number of export markets/countries, perceived export success, achievement of export objectives and satisfaction with export performance (Zou & Stan 1998; Katsikeas et al., 2000; Lages, 2000; Sousa, 2004). This way of classifying performance indicators are also shared with several other authors in the field (e.g. Samiee & Roth, 1992; Zou et al., 1998; O’Donnell & Jeong, 2000; Katsikeas et al., 2006 & Shilke et al., 2009).

3.2.2 Subjective vs. Objective indicators

Another issue to discuss regarding the nature of performance indicator is whether to use subjective or objective indicators. As it implies, financial indicators is commonly objective since it concerns absolute numerical values, whereas non-financial indicators normally are based on perceptions, rendering them subjective (Sousa, 2004). Important to notice though, is that both types can be operationalized into subjective and objective indicators (Lages, 2000; Zou and Stan 1998). A question that arises from this discussion is the appropriateness of
measuring export performance subjectively due to the fact that they are based on the perception of differences in home and host market while objective measures provides figures black on white. Despite the controversy, most researchers suggest that subjective measure is applicable since (1) companies rarely make a distinction between home and foreign operations in official financial statements or annual reports. (2) There is also the risk of different accounting methods which could make financial figures incomparable (Venkatraman and Ramanujam, 1987; Katsikeas et al., 1996; Leonidou et al., 2002). (3) There is also a risk that managers are unwilling to share company figures and information due to the sensitivity of the content (Lages et al., 2005; Sousa, 2004).

3.2.3 Unit of Analysis
The third aspect of export performance measurement is concerned with the unit of analysis. Early research in the field have used the total exports as unit of analysis, however, in recent years this view has been challenged and the individual export venture have been suggested to be more suitable (e.g. Cavusgil & Kirpalani, 1993; Katsikeas et al., 2000). The reasoning behind this view is that total exports do not take into account that some export ventures might be successful and some unsuccessful which in turn results in inaccurate measures (Cavusgil & Zou, 1994; Katsikeas et al., 2000).

The implication of the above discussion for this thesis boils down to that export performance (a) should be treated as a multidimensional construct, where indicators of both economic and non-economic nature is included. (b) Subjective indicators is used due to the acceptance of subjective measures and the obstacles that might occur while using objective indicators. (c) The individual export venture is the unit of analysis. A graphical exemplification is presented below

Figure 2: Export Performance
3.3 State of the Art

The most relevant theories and authors for this thesis are highlighted below. The nature of used theories in this thesis is much of the emerging kind, reason is that even if the field of standardization vs. adaptation has been debated for decades, the research has come and gone and has not yet fully reached e-commerce. Many studies were conducted in the 1960s and 1980s but seem to have been interrupted at times. According to recent reviews and meta-analyses, empirical research have been found to be non-significant, contradictory, inadequate in research designs and have weak analytical techniques (Theodosiou & Leonidou, 2003).

Cavusgil & Zou (1994), their article investigate the marketing strategy-performance relationship in the context of export ventures and conclude that export marketing strategy, firm’s international competence, and managerial commitment are the key determinants of export performance which when coaling with influencing internal and external factors create superior performance. The article is well cited, 1269 times and from the sample that was used among the citations many authors’ have conducted empirical studies validating the article (e.g. Leonidou & Katsikeas, 1996; Reuber & Fischer, 1997; Li & Calantone, 1998; Ellis, 2000; Schulze et al., 2001; Theodosiou & Leonidou, 2003), thus it is a dominating theory in the field.

Szymanski et al., (1993) conducted an empirical study which focused upon the standardization of the pattern of resource allocation among marketing mix variables across national markets. Their results show that the effects of competitive strategy and market structure variables generalize across markets with similar characteristics, hence the standardization of marketing strategy coaling with the market characteristics and created a strategic fit. Their article has been cited 257 times, but has been validated (e.g. Roth, 1995; Knight, 2000; Ogbonna & Harris, 2000; Zou & Cavusgil, 2002; Morgan et al., 2004), thus it is seen as an emerging theory.

Theodosiou & Leonidou (2003) present results from their meta-analysis on 36 studies concerning strategy standardization/adaptation, its antecedents, and performance outcome, which show previous research as being characterized by non-significant, contradictory, and, to some extent, confusing findings attributable to inappropriate conceptualizations, inadequate research designs, and weak analytical techniques. They reach a central conclusion that the decision whether to standardize or adapt the marketing strategy to achieve superior performance will to great extent depend on the set of circumstances a firm faces at a specific
period of time. The article has been cited 179 times and has been validated by (Kustin, 2004; Lages & Montgomery, 2005; Quintens et al., 2006; Sousa & Bradley, 2007; Lages et al., 2007; Wong & Merrilees, 2007; Sousa & Francisco, 2008; Hultman et al., 2009). Hence, Theodosiou & Leonidou (2003) is to a certain degree accepted in the academic society and has been validated by other authors which makes it an emerging theory.

Jain (1989) highlight the lack of a theoretical base for academics to conduct empirical investigations regarding standardization in a globalized world and international marketing, hence she provides a conceptual framework for gaining insight into the standardization issue. She provides a thorough examination of factors affecting standardization. Her article has been cited 807 times and extensively validated through empirical research (Samiee & Roth, 1992; Cavusgil et al., 1993; Johansson & Yip, 1994; Cavusgil & Zou, 1994; Roth, 1995; Gomez-Mejia & Palich, 1997; Subramaniam & Venkatraman, 2001; Zou & Cavusgil, 2002), her work and conclusions have been adopted to many research studies and is well accepted, thus it can be seen as a dominating theory within the field.

Borden (1984) presents the concept of the Marketing Mix, how it emerged and evolved to become a, if not the, used marketing paradigm among marketers for many decades. He discuss how a wide array of important elements affecting marketing decisions were grouped and listed to make up marketing programs and how these elements would bear on the marketing operation in a firm. He lists 12 main factors (“ingredients”) with subtopics that would serve as the basis for management decisions for manufacturers, important to point out is that he clearly states that those factors are subjective to him and others may build different lists. Borden has been cited 725 times and through a sample of the citations, validated (Grönroos, 1990; Christopher et al., 1991; Grönroos. 1997; Constantinides, 2004), consequently the theory is seen as dominating.

Grönroos (1997) discuss, in his conceptual paper, the nature of the dominating marketing paradigm of today, the Marketing Mix. He is critical to the oversimplification of this marketing paradigm, especially with McCarthy’s (1964) 4P classification. Grönroos concludes that the simplicity of the paradigm and its model has become obstructive and restrictive for marketing theory and consumers instead of awareness that marketing is a multi-faceted social process. He stress this multi-faceted social process and bring up several other marketing paradigms which he believes play a great role in today’s marketing. His paper has received widespread attention and has been cited 2145 times, validated in succeeding
empirical research (Selnes, 1998; Shoemaker & Lewis, 1999; Huizingh, 2000; Gruner & Homburg, 2000; Sheehan & Hoy, 2000; Ritter & Gemünden, 2003; Narayandas & Rangan, 2004), so the theory is considered dominating.

Constantinides, (2002) review the criticism on the 4Ps Marketing Mix framework and presents the physical world it operates in, and describe why it does not work in the new virtual world that exists today. He denotes two main limitations of the traditional framework of the Marketing Mix in this new environment and present the four S elements of the Web-Marketing Mix framework. The model was initially developed for educational purposes and later tested and refined by means of field projects. The article has only received 136 citations but has been validated through empirical studies (McCole & Ramsey, 2004; Wu & Want, 2005; Bruwer & Wood, 2005; Schmidt et al., 2008; Kuo & Yen, 2009), hence Constantinides’s theory and model is seen as an emerging theory.
3.4 Conceptualization, Analysis model and Hypotheses

Based on the literature review and the theoretical framework a conceptual model was created, based on the 4S Web-Marketing Mix model (Constantinides, 2002) and the export performance framework presented by Zou et al. (1998). In line with the contingency perspective an, indirect, contingent factor was used, namely e-commerce as a firm characteristic in the research context. The model is depicted below:

**Figure 3: Analysis model**

![Analysis model diagram](image)

In the studies by Szymanski et al. (1993) and Knight (2001) a negative relationship was found between international marketing adaptation and performance. Szymanski et al (1993) suggest that the higher cost involved with adapting marketing strategy should not be passed on to the end customer since it would decrease performance. Szymanski et al. (1993) further reason that the adaptation also influence the cost involved with managing and administering these changes in various foreign markets, which in turn influences performance negatively. In line with this reasoning, the following research model and hypotheses were formed:

**H1:** Adaptation of marketing strategy in foreign markets is negatively related to export performance.

**H2:** Adaptation of Scope in foreign markets is negatively related to export performance.

**H3:** Adaptation of Site in foreign markets is negatively related to export performance.

**H4:** Adaptation of Synergy in foreign markets is negatively related to export performance.

**H5:** Adaptation of System in foreign markets is negatively related to export performance.
4.0 Methodology

This chapter provides the necessary tools to answer the stated hypotheses. The chapter will present a series of methodology choices that were made for this thesis.

4.1 Research Design

4.1.1 Descriptive Research

Among the different research designs available for a research (e.g. exploratory, descriptive and causal) a descriptive research design was adopted. This design is most suitable since the research problem is clearly structured and that previous research in the area of standardization/adaptation and performance has investigated the research problem of this thesis in other contexts, such as MNCs and exporters in general (Churchill and Iacobucci 2006; Hair et al. 2003). According to Miles & Huberman (1994) describing is another word for making complex phenomenon understandable by reducing them to the components that constitutes the phenomenon. Furthermore, according to Reynolds (1971) the goal of descriptive research is to make descriptions of patterns detected during the exploratory stage of the research. This goal is in line with purpose of this thesis and also facilitates hypothesis testing (Kinnear & Taylor, 1995). Within descriptive research there is also a choice to be made, cross-sectional design or longitudinal design.

4.1.2 Cross-Sectional

A cross-sectional design was selected which entails collection of data from more than one case at a single point in time (Bryman & Bell, 2011). The gathered data should be of quantitative nature connected to two or more variables and after the data is collected, the process of discerning patterns of association can begin (Bryman & Bell, 2011). The cross-sectional design was chosen since the authors were interested in variations between cases at a single point in contrast to a longitudinal research design, where the focus is to map changes over time within one or more variables (Bryman & Bell, 2011).

4.1.3 Data Collection Method

As a consequence of previous choices a survey strategy was deemed most suitable, since it is a viable way to gather quantitative data, which is a prerequisite in order to test the hypotheses stated in this thesis. Research strategy ultimately influence the choice of data collection method and in the case of survey research, there are two types available, questionnaires and structured interviews. Due to time and resource constraints and that more cases could be collected, questionnaire was selected. More specifically an electronically self-administered
questionnaire was utilized, however, there are some advantages and drawbacks that have to be discussed before the questionnaire design can be addressed.

The main advantage of the questionnaire is the relative cost aspect and time efficiency compared with the alternative structured interviews (Brymann & Bell, 2011). The nature of self-completion questionnaires also diminishes and even removes the impact of interviewer effects, meaning that the respondents answers not becomes affected by the presence or direct contact with the interviewer. There is also a backside, electronically administered questionnaires entails a relatively low response-rate (Brymann & Bell, 2011). Nevertheless, the response-rate could be improved by sending out e series of reminders and also offering the respondent some kind of incentive to participate. In this thesis, three reminders were sent out, the first reminder after one week, the second after five more days and the third after another three days and the respondents were offered to receive the results of the study as an incentive. Another drawback is that the researcher cannot ensure that the right person with the right competence is filling in the answers (Brymann & Bell, 2011), as a precaution two actions were made. First, a control question was created, asking the respondents to fill in their positions within the company. Second, in the email including the link to the questionnaire, a covering letter was attached, informing the recipient about the nature and content of the investigation, the recipient was also asked to forward it to the person most capable to answer in the company, in most cases it was forwarded to the CEO or marketing manager.

4.1.3.1 Questionnaire Design

The questionnaire was administered and designed through the web-based survey software Key Survey and the questionnaire’s structure was of three sections, the introductory part contained eight general questions (Q1-Q8), such as firm- and respondent characteristics and firms’ export markets. These questions were necessary to ensure that the respondents fit the criteria for being included in the sample and also to ensure that the respondents had the right competency to give accurate information. The second part comprised questions derived from the 4S- model concerning independent variables Scope, Site, Synergy and System. A total of four questions (Q9-Q12, 18 items) were asked about Scope, three questions (Q13-Q15, 12 items) about Site, 4 questions (Q16-Q19, 14 items) about Synergy and one (Q20), three items) about System. Lastly, the third part of the questionnaire concerned the dependent variable Export Performance. Performance measurements were based on three subjective scales;
Financial (Q21, three items), Strategic (Q22, three items) and Satisfaction (Q23, three items) performance. The questionnaire is found in Appendix I.

4.2 Operationalization

The theoretical concepts utilized in this study were operationalized into measureable items. This was done since the concepts were not quantifiable in their current form, and thus could not be empirically tested (Bryman, 1989; Nolan & Heinzen, 2008; Zikmund et al., 2010; Bryman & Bell, 2011). In order to make a concept measurable, indicators should be identified which in turn can be transformed into items to use with the selected data collection method (Zikmund et al. 2010), which in this study is the self-completion questionnaire. To assign values to the different items, a scale had to be selected. For this study a new measurement was constructed due to several factors, amongst these lies the criticism of the 4Ps marketing mix being too narrow and oversimplified as discussed in the literature review. Also, the lack of research in the studied field on e-commerce and other web-based ventures hindered the use of previously proven measurement instruments. In addition, the pre-study showed that the most relevant existing measurement scale STRATADAPT by Lages et al. (2008) was not compatible with online based businesses such as e-commerce. However, with the help of the 4S Web-Marketing Mix Model by Constantinides (2002) and the pilot-study, a 46 item measurement instrument was created intended to measure the degree of standardization/adaptation of international marketing strategy for e-commerce firms. 18 items were allocated to the Scope construct, 12 items to Site, 14 items to Synergy and lastly 3 items to System. The latter indicator was the most difficult and “fuzzy” construct of the four and could there by only be represented by 3 items. In order for the respondent to grade the items, a 7 point Likert scale was applied with two anchor points (1 = Does not differ at all; and 7 = Differ totally).

Concerning the measurement of export performance, a scale developed by Zou et el. (1998) called the EXPERF scale was used. The adopted scale was translated from the original language, English, to Swedish and were almost unaltered since the EXPERF scale was originally developed for exporting firms, making it suitable for the context of this study. In line with what was stated in the literature about the measurement of performance, (1) the EXPERF scale include multiple indicators, both financial and non-financial, (2) the statements were of subjective nature, based on the respondents perceptions and (3) the statements had to be answered in relation to a single export venture rather than to total
exports. A total of 9 items were adapted from the EXPERF scale, 3 per indicator. The items were then complemented with a 5 point Likert scale with two anchor points (1 = Strongly disagree; and 5 = Strongly agree). The operationalization is presented in table 2 below:

**Table 2: Operationalization**

<table>
<thead>
<tr>
<th>Theoretical Construct</th>
<th>Indicator</th>
<th>Type of Scale and its construction</th>
<th>Items</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>Strategic &amp; Operational Objectives</td>
<td>7 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Profitability; Company Image; Revenue; Operational costs; Customer base; Customer retention; Increased product and brand awareness</td>
<td>Constantinides, 2002</td>
</tr>
<tr>
<td>Scope</td>
<td>Strategic Role of the Web Site</td>
<td>6 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Informational; Educational; Service oriented; Promotional; Relational; Transactional</td>
<td>Constantinides, 2002</td>
</tr>
<tr>
<td>Scope</td>
<td>Unique Selling Proposition</td>
<td>1 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Unique selling proposition</td>
<td>Constantinides, 2002</td>
</tr>
<tr>
<td>Scope</td>
<td>Market Positioning</td>
<td>4 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Price; Product quality; Service Quality; Width of product line</td>
<td>Constantinides, 2002</td>
</tr>
<tr>
<td>Theoretical Construct</td>
<td>Indicator</td>
<td>Type of Scale and its construction</td>
<td>Items</td>
<td>Source</td>
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</tr>
<tr>
<td>Site</td>
<td>Web Site Parameters</td>
<td>6 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Domain name; Content; Design; Aesthetics; Language; Security</td>
<td>Constantinides, 2002</td>
</tr>
<tr>
<td>Site</td>
<td>Customer Service</td>
<td>4 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Email; Telephone; Chat; FAQ</td>
<td>Constantinides, 2002</td>
</tr>
<tr>
<td>Site</td>
<td>Site Security</td>
<td>2 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Payment security; Privacy policy</td>
<td>Constantinides, 2002</td>
</tr>
<tr>
<td>Synergy</td>
<td>Third parties Co-Operation</td>
<td>4 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Affiliate marketing; Transport/Logistics; Payment options; Quality certification</td>
<td>Constantinides, 2002</td>
</tr>
<tr>
<td>Synergy</td>
<td>Online Marketing</td>
<td>4 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Social media; Newsletter; Online advertising; blog</td>
<td>Constantinides, 2002; Svensk distanshandel, 2012</td>
</tr>
<tr>
<td>Synergy</td>
<td>Supporting Physical Marketing Activities</td>
<td>4 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Direct marketing; Papers &amp; magazines; TV/radio; Trade fairs</td>
<td>Constantinides, 2002</td>
</tr>
<tr>
<td>Theoretical Construct</td>
<td>Indicator</td>
<td>Type of Scale and its construction</td>
<td>Items</td>
<td>Source</td>
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<tr>
<td>Synergy</td>
<td>Search Engine Strategies</td>
<td>2 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Search engine optimization; Search engine marketing/advertising</td>
<td>Constantinides, 2002</td>
</tr>
<tr>
<td>System</td>
<td>Administration, Content, Analysis of Web Traffic</td>
<td>3 item, Seven point Likert scale, 1 = Does not differ at all; 7 = Differ totally</td>
<td>Administration; Content development; Web traffic analytics</td>
<td>Constantinides, 2002</td>
</tr>
<tr>
<td>Foreign Market Perfomance</td>
<td>Financial</td>
<td>3 item, Five point Likert scale, 1 = Strongly Disagree; 5 = Strongly Agree</td>
<td>Profitability; Sales volume; sales growth</td>
<td>Zou et al., 1998</td>
</tr>
<tr>
<td>Foreign Market Perfomance</td>
<td>Strategic</td>
<td>3 item, Five point Likert scale, 1 = Strongly Disagree; 5 = Strongly Agree</td>
<td>Global competitiveness; Strategic position; Global market share</td>
<td>Zou et al., 1998</td>
</tr>
<tr>
<td>Foreign Market Perfomance</td>
<td>Satisfaction</td>
<td>3 item, Five point Likert scale, 1 = Strongly Disagree; 5 = Strongly Agree</td>
<td>Perceived: Satisfaction; Success; Expectation fulfillment</td>
<td>Zou et al., 1998</td>
</tr>
</tbody>
</table>
4.3 Population and Sampling

In 2010, 4500 swedish e-commerce firms were registered in Sweden, these firms represent both mail order firms and online retailers (Svensk Handel 2013-05-14). These firms can be seen as Swedish e-commerce population, with reservation for growth up until current date. The sample for this study was based on two industry lists that individually comprised 618 respectively 723 companies. Only firms that were listed in Trygg E-Handel and/or Svensk Distanshandel’s industry lists had a possibility to participate in the study. To be a part of the industry lists obtained, either a certificate or a membership is required.

Initial initiatives for Trygg E-Handel as an organization was made in 2007, the organization certifies Swedish e-commerce business based on a 12-point list. The purpose of the organization is to increase consumers' awareness of their rights in relation to trade on the Internet and encourage consumers to make demands on e-commerce firms, on what terms that apply when trading with these companies. Trygg E-Handel is working closely with Svensk Distanshandel which is the trade association for e-commerce in Sweden and the organization continuously monitors national and international development of e-commerce. The two serve to inform of distance selling and e-commerce, and to take advantage of the industry's interests. Thus, to be a part in this study a company had to appear on Trygg E-Handel and/or on Svensk Distanshandel’s industry lists and consequently operate in e-commerce. Since this study look at the relation between the strategic orientation of the revised 4S model in foreign market(s) compared to home country, companies have to be based in Sweden and operate in foreign market(s). This lead to the following criteria of selection: (1) The firm has to appear on Trygg E-Handels and/or Svensk Distanshandel’s industry list, (2) must, not exclusively, utilize e-commerce as a trade channel and (3) must be based in Sweden and exporting to foreign market(s). Regarding the third criterion the, to ensure that the criteria were met, the websites were observed by the researchers. Evidence that suggested that the company was selling to foreign markets were looked for, this could be language options, terms and conditions regarding delivery, payment etc.

In the end the questionnaire was sent out to 604 companies, 117 valid responses were collected which resulted in a response rate of 19,37%.

4.4 Data Analysis method

Three different types of statistical tests were utilized in order to test the hypotheses stated in the introductory chapter. The more tests that are conducted the more robust the final results
are. The three tests were: Correlation analysis, One-Way ANOVA and Regression analysis. However, before the tests could be performed, the process of data coding and entry had to be addressed.

4.4.1 Data entry and coding
After retrieving the answers from respondents, the process of data coding and entry commenced. Since the web-based software Keysurvey had been used an excel file could be extracted with the answers. The excel file was opened in the analytical program for statistics called SPSS, and the first step concerned the naming of items on the questionnaire so that they later could be grouped into indicators of the investigated constructs. Items concerning DSA of the 4S model were coded in regard to the individual indicators of the concept, Scope, Site, Synergy and System. In order to keep track of the individual questions corresponding to the items a numbered system was utilized. The items of Scope were coded SCOP1_1 to SCOP1_7, SCOP2_1 to SCOP2_6, SCOP3 and SCOP4_1 to SCOP4_4. Items of Site were coded SITE1_1 to SITE1_6, SITE2_1 to SITE2_4, and SITE3_1 to SITE3_2. Synergy was coded SYN1_1 to SYN1_4, SYN2_1 to SYN2_4, SYN3_1 to SYN3_4 and SYN4_1 to SYN4_2. Lastly System was coded SYS1_1 to SYS1_3. Performance items were named in a similar manner. Financial Performance was coded PERF1_1 to PERF1_3. Strategic Performance was coded PERF2_1 to PERF2_3 and finally Satisfaction Performance was coded PERF3_1 to PERF3_3. Missing data was not an issue, some occasional missing values could be discerned and was treated in accordance with what Nolan & Heinzen (2008) suggests for non-systematic data loss, through calculating the mode of the item and use that value to fill the gap.

After this was done the items was computed into the variables they were supposed to represent, creating the independent variables SCOPE, SITE, SYNERGY, SYSTEM and an aggregated variable named Web Strategy. Export Performance items were also combined to the indicators Financial Performance, Strategic Performance and Satisfaction Performance, which in turned formed the dependent variable Export Performance. The indicators of performance were included as variables in two of the tests, correlation analysis and Two-Way ANOVA, however, they were only included to add extra input to the discussion. This was the final step of the coding part of the statistical analysis; the next step concerned performing the statistical tests. Mutual to these tests is the determination if the test results are significant or not, this is assessed through observing the p-value. Three levels are often discussed in
business research, 0.01, 0.05 and 0.10, however, the most used is the one at 0.05. For this study the level of 0.05 will be adopted, implicating that results with p-values over 0.05 will be rejected.

4.4.2 Correlation Analysis
Initially a correlation analysis was conducted, the purpose of this test is to assess whether there is a relationship between independent variables (Scope, Site, Synergy and System) and the dependent variable (Export Performance), this is done by calculating the correlation coefficient. The Pearson correlation coefficient was the particular coefficient calculated for this study. The coefficient ranges between “1” and “-1”, 1 indicating perfect positive correlation between variables and -1 indicating perfect negative correlation between variables and if the coefficient is close to zero, or actually zero, the variables are deemed unrelated (Bryman & Bell, 2011), and the closer to the two extremes the stronger the relationship between the variables. As the hypotheses stated aim to assess if adaptation of the 4S model is negatively related to export performance, negative coefficients would support the assumptions since it entails that low values in the independent variable (standardization) corresponds with high values in the dependent (high performance), and low values in the dependent variable (low performance) corresponds with high values in the independent (adaptation) (Malhotra et al., 2003).

4.4.3 One-Way ANOVA
When attempting to conduct a One-way ANOVA the first time, with Export Performance as dependent and DSA of 4S model as factor, it became clear that there were observations with less than three cases, which made it impossible to conduct the test with the data in its current form. Consequently a clustering of values was performed; instead of ‘Export Performance’ ranging from 1-5 the scale was condensed to 1-3 (1 = low performance, 2 = moderate performance and 3 = high performance). In the same manner the 7 point Likert scale of DSA of international marketing strategy was reduced to 3 clusters (1 = standardized strategy, 2 = mixed and 3 = adapted strategy). The mean for each cluster (standardized strategy, mixed strategy and adapted strategy) corresponded to one of the Export Performance levels 1,2 or 3 indicating which level of performance corresponded to which marketing strategy.

4.4.4 Regression Analysis
A regression analysis have two main purposes, both are concerned with the linear relationship between independent and dependent variables. One of the purposes is to determine to what
degree the independent variable can explain the dependent variable (Saunders et al., 2003; Ghauri & Gronhaug, 2005; Zikmund et al., 2010). This is done by observing the R2 or adjusted R2. The coefficient is exhibiting a value between 0 and 1 and the figure is translated into percent to explain how many percent of the dependent variable can be explained by the independent (Saunders et al., 2003). The other purpose deal with the nature of the relationship, the coefficient of interest is thereby the B-value. The B-value explains what happens with the dependent variable when moving one unit in the positive direction in the independent variable (Saunders et al., 2003), i.e. if the B-value is -0,78 the dependent variable decrease with 0,78 unit if moving 1 unit in the positive direction in the independent variable.

4.5 Quality Criteria Measures

4.5.1 Reliability

The first way to establish reliability is to determine if the measurement has stability, which entails the consistency of the measure over time. This can be assessed by conducting the study (questionnaire) again to see if the respondents answer fairly the same way, the correlation between the two questionnaires should be high (Zikmund et al. 2010; Bryman & Bell 2011). Due to time limit for this study this assessment was not applied. However, in order for other researchers to be able to replicate the results of this study, the steps made in the making of this thesis was documented in the methodology chapter. These steps are justified in relation to the specific research context and tables of operationalization of concepts and constructs as well as the questionnaire design is included. The second way to establish reliability is to evaluate if the measurements have internal reliability. The purpose of this test is to make sure that questionnaire items constructing an indicator of a concept are actually measuring that indicator, where the respondent’s answers are aggregated to create an overall score. A widely used way to measure internal reliability is to calculate Chronbach’s alpha coefficient, the coefficient varies between 1 (denoting perfect internal reliability) and 0 (denoting no internal reliability). For the internal reliability to be acceptable, the value of Cronbach's alpha should be 0.6 or higher (Zikmund et al. 2010). Zikmund et al. (2010) state that a coefficient alpha value between 0.6-0.7 is regarded as fair reliability, a value between 0.7-0.8 is regarded as good reliability and a value between 0.8-0.95 is regarded as very good reliability. Chronbach’s alpha coefficient was calculated for each item to test the reliability. Four items were above the 0,8 level indicating a good level of reliability, two items were also above 0,6 indicating acceptable levels of reliability. One indicator, Site, had a low level of reliability. To understand why this indicator got a low result of reliability, a descriptive analysis was
conducted and two items, SITE1_5 and SITE1_6, were identified as the outliers affecting the result. By removing the two items and running a reliability test again, variable SITE got a result of 0.518, which is seen as acceptable. The results is presented in table 3 below:

### Table 3: Reliability test with Chronbach’s Alpha

<table>
<thead>
<tr>
<th>Variable</th>
<th>Chronbach’s Alpha</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>.897</td>
<td>18</td>
</tr>
<tr>
<td>Site</td>
<td>.518</td>
<td>12</td>
</tr>
<tr>
<td>Synergy</td>
<td>.772</td>
<td>14</td>
</tr>
<tr>
<td>System</td>
<td>.787</td>
<td>3</td>
</tr>
<tr>
<td>Financial Performance</td>
<td>.937</td>
<td>3</td>
</tr>
<tr>
<td>Strategic Performance</td>
<td>.846</td>
<td>3</td>
</tr>
<tr>
<td>Satisfaction Performance</td>
<td>.948</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>56</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### 4.5.2 Validity

In general terms validity refers to whether a measure actually measures the concept it relates to (Bryman 1989; Zikmund et al. 2010; Bryman & Bell 2011) As an initial phase of evaluating the validity of the measurements used in this thesis, a face validity test was conducted. A face validity test is subjective test and aims to establish if the measure is actually measuring what it is supposed to measure (Zikmund et al. 2010) As a first step the questionnaire was sent to our tutor Professor Anders Pehrsson, at Linnaeus University, who has expertise in International Marketing Strategy. After revising the questionnaire two companies were randomly selected from the company lists obtained from Svensk Distanshandel and Trygg E-Handel. The two e-commerce companies represented two different lines of business, agricultural product- and beauty/cosmetic businesses. They were contacted by telephone and asked to participate as test-pilots for the questionnaire to clarify if the questions and concepts investigated in the study were understandable and applicable in their business. Both the companies found the questionnaire to be relevant and easy to understand. Thus, only minor shortcomings in spelling and grammar had to be corrected.

*Discriminant validity* was also assessed through a correlation analysis. To have discriminant validity, low correlation should exist between variables, indicating that they are not measuring...
the same thing (Hair et al., 2009; Christensen et al., 2010). All items tested were significant at the 0.01 level and had a positive correlation. Web Strategy Variables showed positive low correlations and performance variables showed positive and relatively high correlation where Satisfaction Performance and Financial Performance had the highest correlation. The low levels of correlation between the Web Strategy variables indicates that the variables are in fact not measuring the same thing, giving discriminant validity to the web strategy variables. Correlations between Export Performance variables Strategic Performance and Financial Performance were relatively high indicating weaker discriminant validity than between the Web Strategy variables. Likewise, Financial Performance and Satisfaction Performance show a high correlation also indicating weak discriminant validity. The results of the correlation tests is presented in table 4 below.

**Table 4: Web Strategy Variables, and Pearson correlation coefficients**

<table>
<thead>
<tr>
<th>Web Strategy Variable</th>
<th>Scope</th>
<th>Site</th>
<th>Synergy</th>
<th>System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Site</td>
<td>0.316**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Synergy</td>
<td>0.307**</td>
<td>0.156</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>System</td>
<td>0.137</td>
<td>0.301**</td>
<td>0.464**</td>
<td>1</td>
</tr>
</tbody>
</table>

n 117; **Significance at p < 0.01

**Table 5: Performance Variables, and Pearson correlation coefficients**

<table>
<thead>
<tr>
<th>Performance Variables</th>
<th>Financial Performance</th>
<th>Strategic Performance</th>
<th>Satisfaction Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Performance</td>
<td>0.648**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Satisfaction Performance</td>
<td>0.829**</td>
<td>0.446**</td>
<td>1</td>
</tr>
</tbody>
</table>

n 117; ** Significance at p < 0.01
5. Data Analysis

By using the tools in previous chapter, data was collected and is presented in a comprehensible manner along with the results from the various tests conducted to finally test the hypotheses. Tests that were performed included correlation analysis, one-way ANOVA and a regression analysis.

5.1 Hypothesis testing

5.1.1 Correlation Analysis

In the table below (Table 6) the correlations between the DSA of Web Strategy variables and Export Performance is presented, the Web Strategy variable is constituted by the four different variables Scope, Site, Synergy and System. And the Export Performance variable is represented by financial performance, strategic performance and Satisfaction Performance. 5 out of the 17 correlations of interest were rendered insignificant due to the p-value being outside the significance level 0.05 (Scope-Strategic Performance and all the Site-Performance correlations). However, if the significance level would be extended to 0.10, Site-Strategic Performance would be significant at 0.088. The remaining 12 correlations all show negative correlations, 6 of them are higher than -0.500 indicating low-moderate strength since they are closer to zero (these include Scope-Financial, Satisfaction and Export Performance, Synergy-Strategic and Satisfaction and System-Strategic). The remaining 5 correlations show, in relation to the other correlations, high negative correlations with Synergy-Financial at -0.639, Synergy-Export Performance at -0.586, System-Financial at -0.633, System-Satisfaction at -0.559 and System-Export Performance at -0.641. The negative correlations indicate that low values in Scope, Site, Synergy and System correspond with high values in Financial Performance, Strategic Performance and Satisfaction Performance. In our case this means that standardization (low values), corresponds with high(er) values on export performance. The overall correlation between DSA of Web strategy variables and Export performance is -0.443, indicating a negative correlation between the two variables, implicating that adaptation of international marketing strategy corresponds with low performance figures.
Table 6: Correlation analysis with Pearson correlation coefficient (r)

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Scope</td>
<td>2.06</td>
<td>.72</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Site</td>
<td>2.06</td>
<td>.45</td>
<td>.316**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Synergy</td>
<td>3.37</td>
<td>.86</td>
<td>.307**</td>
<td>.156</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 System</td>
<td>2.08</td>
<td>1.05</td>
<td>.137</td>
<td>.301**</td>
<td>.464**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Financial Performance</td>
<td>3.23</td>
<td>1.19</td>
<td>-.394**</td>
<td>-.039</td>
<td>-.639**</td>
<td>-.633**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Strategic Performance</td>
<td>3.16</td>
<td>.94</td>
<td>.112</td>
<td>.158</td>
<td>-.474**</td>
<td>-.481**</td>
<td>.648**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Satisfaction Performance</td>
<td>3.71</td>
<td>1.17</td>
<td>-.437**</td>
<td>.072</td>
<td>-.422**</td>
<td>-.559**</td>
<td>.829**</td>
<td>.446**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Export Performance</td>
<td>3.36</td>
<td>.97</td>
<td>-.302**</td>
<td>.064</td>
<td>-.586**</td>
<td>-.641**</td>
<td>.955**</td>
<td>.770**</td>
<td>.888**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>9 Web Strategy</td>
<td>2.40</td>
<td>.54</td>
<td>.593**</td>
<td>.526**</td>
<td>.765**</td>
<td>.784**</td>
<td>-.707**</td>
<td>-.354**</td>
<td>-.574**</td>
<td>-.637**</td>
<td>1</td>
</tr>
</tbody>
</table>

n = 117; * Significance at p < 0.05; ** p < 0.01
5.1.2 One-way ANOVA

After conducting a One-way ANOVA test, it was clear that cases only could be identified for two groups, ‘standardized strategy’ and ‘mixed strategy’, none for ‘adapted strategy’. As can be deduced from table 7, standardized strategies correspond to moderate performance for each of the Export Performance indicators as well as the Export Performance variable itself (mean = 2,37). Further, mixed strategies correspond with low performance for each of the Export Performance indicators and for the Export Performance variable (mean = 1,31); all results were confirmed significant since F-statistics were within the 0,01 level. What can be interpreted from the result of the ANOVA test is that the more adapted an international marketing strategy is the lower performance, this is supported by the fact that performance was moderate for a standardized strategy and low for a mixed strategy, suggesting that when moving along a scale from standardization towards adaptation performance diminishes the closer to full adaptation.

Table 7: Means of Export Performance variables corresponding to strategy clusters

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cluster 1</th>
<th>Cluster 2</th>
<th>Anova</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree of Performance</td>
<td>Standardized Strategy (n = 101)</td>
<td>Mixed Strategy (n = 16)</td>
<td></td>
</tr>
<tr>
<td>Financial Performance</td>
<td>2,27</td>
<td>1,13</td>
<td>27,44**</td>
</tr>
<tr>
<td>Strategic Performance</td>
<td>2,21</td>
<td>1,44</td>
<td>13,75**</td>
</tr>
<tr>
<td>Satisfaction Performance</td>
<td>2,59</td>
<td>1,49</td>
<td>34,12**</td>
</tr>
<tr>
<td>Export Performance</td>
<td>2,37</td>
<td>1,31</td>
<td>28,05**</td>
</tr>
</tbody>
</table>

*Significant at p < 0,05, **significance at p < 0,01
(Degree of performance: 1 = low performance; 2 = moderate; performance; 3 = high performance)

5.1.3 Regression Analysis

The regression analysis, with the aggregated Web Strategy as independent variable and export performance as dependent, provided an adjusted R square of 0,400, which means that Web Strategy variables can explain 40% of the variance in export performance. Furthermore, the B-value of -1,149 indicates that a one-unit increase in DSA (towards adaptation) would result in a 115% decrease in export performance. The p-value of 0,000 indicates significance within the level of 0,01.
When conducting regression analysis on Scope, Site, Synergy and System (independent) and export performance (dependent), an adjusted $R^2$ of 0,631 could be recorded. Meaning that DSA of the 4S model can explain 63,1% of the variance in export performance. 4 distinct B-values could be retrieved; 3 out of 4 showed a negative relation to export performance (Scope: -0,329; Synergy: -0,336; System: -0,534). In contrast, Site exhibited a positive relation to export performance (0,780). These B-values indicates that a one-unit increase towards adaptation in either one of the 4 Ss’ in the Web-Marketing Mix model would result in a decrease/increase in export performance corresponding to the B-value, translated into percentage. All p-values are registered within the 0.01 level of significance. The results of the regression is presented in table 8 below.

**Table 8: Regression analysis with export performance as dependent variable**

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>B-value</th>
<th>p-value</th>
<th>F-statistic</th>
<th>Adj. $R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web Strategy</td>
<td>-1,149</td>
<td>&lt;0.000**</td>
<td>78,43</td>
<td>0,4</td>
</tr>
<tr>
<td>Scope</td>
<td>-0,329</td>
<td>&lt;0.000**</td>
<td>50,50</td>
<td>0,631</td>
</tr>
<tr>
<td>Site</td>
<td>0,780</td>
<td>&lt;0.000**</td>
<td>50,50</td>
<td>0,631</td>
</tr>
<tr>
<td>Synergy</td>
<td>-0,336</td>
<td>&lt;0.000**</td>
<td>50,50</td>
<td>0,631</td>
</tr>
<tr>
<td>System</td>
<td>-0,534</td>
<td>&lt;0.000**</td>
<td>50,50</td>
<td>0,631</td>
</tr>
</tbody>
</table>

n 117; ** = Significant at p < 0,01
5.2 Summary of Hypothesis testing

Three different statistical tests were conducted, Correlation analysis, One-way ANOVA and Regression analysis. The results of the tests are summarized below:

- The Correlation test between Web Strategy variables and Export Performance showed insignificant values of for Site, however, for the remaining variables Scope, Synergy and System, values were significant. Specially strong was the negative correlations between System and the different Export Performance variables, where 3 out of 4 correlations were lower than -0.500 (closer to). These three variables all showed negative correlation with export performance indicating on a negative relationship between adaptation of international marketing strategy and export performance for e-commerce firms.

- The One-Way ANOVA showed similar tendencies, standardized strategies correspond to moderate performance and mixed strategies corresponds to low performance. This was not only true for the aggregated Export Performance variable but for all three indicators (Financial performance, Strategic Performance and Satisfaction Performance). The result indicates that adaptation international marketing strategies would have a negative relationship to export performance for e-commerce firms.

- The regression analysis showed a relatively high degree of explanation for the model, the aggregated DSA variable could explain 40% of the Export Performance variable and the B-value of -1.149 suggests a significant strong negative relationship between DSA and Export Performance. A regression analysis was also conducted with the DSA variable decomposed; the result was a 63% explanation degree of the model. Further, Scope, Synergy and Site all had significant negative B-values suggesting a negative relationship between adaptation of international marketing strategies and export performance. In contrast, Site showed a significantly positive and strong (B-value = 0.780) relationship between adaptation of international marketing strategy and export performance.
Below (1) The hypotheses stated in the introductory chapter is presented and (2) a table showing the outcome hypothesis testing (table 9):

H₁: Adaptation of marketing strategy in foreign markets is negatively related to export performance
H₂: Adaptation of Scope in foreign markets is negatively related to export performance
H₃: Adaptation of Site in foreign markets is negatively related to export performance
H₄: Adaptation of Synergy in foreign markets is negatively related to export performance
H₅: Adaptation of System in foreign markets is negatively related to export performance

<table>
<thead>
<tr>
<th>Hypothesis and Proposed Relationship</th>
<th>Tests</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁: Adaptation of IMS → negative performance</td>
<td>Correlation, ANOVA, Regression</td>
<td>Supported</td>
</tr>
<tr>
<td>H₂: Adaptation of Scope → negative performance</td>
<td>Correlation, ANOVA, Regression</td>
<td>Supported</td>
</tr>
<tr>
<td>H₃: Adaptation of Site → negative performance</td>
<td>Correlation, ANOVA, Regression</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H₄: Adaptation of Synergy → negative performance</td>
<td>Correlation, ANOVA, Regression</td>
<td>Supported</td>
</tr>
<tr>
<td>H₅: Adaptation of System → negative performance</td>
<td>Correlation, ANOVA, Regression</td>
<td>Supported</td>
</tr>
</tbody>
</table>
6. Discussion

Results from the various statistical tests that was conducted in chapter five are discussed in this chapter. Different aspects from the literature (chapter 2) and theoretical framework (chapter 3) are linked and discussed together with the statistical results.

The results from tests in the data analysis chapter were relatively univocal. The result of DSA of the aggregated 4S Web-Marketing Mix model, as well as 3 out of 4 of the individual Ss’ (Scope, Synergy and System) showed that adaptation had a negative relationship to export performance. This is in line with previous research results investigating the same relationships although for exporting firms in general (Szymanski et al., 1993; Knight, 2001). The explanation of this negative relationship between adaptation and performance has previously been that adaptation simply is too costly in relation to what it generates (Szymanski et al., 1993; Knight, 2001). In addition, the complexity of managing tailored marketing activities abroad adds costs and aggravate the process of manage control over international operations (Szymanski et al., 1993; Theodosiou & Leonidou, 2003; Schilke et al., 2009).

Scope

Strategic and operational objectives shall ensure to add value and support the physical branch of the company while creating value for itself. These objectives should be in line with the company’s existing objectives, however function independently (Constantinides, 2002). Regarding strategic objectives as the overall and long term goals there may be little room to adapt these, since they are the joint for the entire corporation, and could create discrepancy in brand image. However, adaptation of operational objectives could be of interest since they are supposed to fulfill the strategic objectives and there is more than one way to reach those objectives.

The literature describe the strategic role as an important part of creating the overall customer web experience while leading the way in creating the web site’s identity, position, style, content and functionality (Constantinides, 2002). Companies participating in this study tend to have a standardized approach of the strategic role which entails moderate performance. An explanation to why companies choose not to adapt their website’s strategic role may be that this would lead to confusion about the brand image/message across markets. This is in line with standardization literature, that one of the main benefits with standardization is that the brand image becomes consistent and the consumer is not confused with different messages (Levitt, 1983; Douglas & Craig, 1986; Yip et al., 1988; Theodosiou & Leonidou, 2003;
Schilke et al., 2009). A minor adaptation was shown in the survey; however this was not common among the respondents.

The result suggests standardization of USP to be related to the firm’s objectives, how they plan to reach their goals and, thus need a common understanding of how they want to position and present themselves to reach these goals. Likewise, market positioning of its products, service quality and width of product line is also in line with a standardization decision. This is in line with previous reasoning, that standardization of these elements helps e-commerce firms to display a consistent company image (Levitt, 1983; Douglas & Craig, 1986; Yip et al., 1988; Theodosiou & Leonidou, 2003; Schilke et al., 2009), which according to the results of this study would lead to moderate performance.

**Site**

In contrast to Scope, Synergy and System, adaptation of Site (web content/experience) was positively related to export performance. Significant evidence was found for the relationship in the regression analysis (B-value = .780), in contrast the correlation analysis indicated that DSA of Site and Export Performance was unrelated, however, these results were insignificant and were therefore disregarded. The result is interesting since Site, or website content as other authors calls it, have been investigated before in context of cultural adaptation. These studies have not included performance link, although, the results of Singh et al. (2009) shows that e-commerce businesses should adapt the content of their websites in order to capture cultural differences. Similarly, Alhorr et al. (2010) found that global customers prefer local content that is adapted to their specific taste. These two studies implies that adaptation of international marketing strategy better captures customers in foreign market, however, they do not say anything about the performance outcome, which the results of this thesis does.

In Site, two items, language and terms & conditions, yielded high values in relation to other items of Site, indicating a high degree of adaptation. These two items can almost be seen as compulsory for a firm, if they intend to reach customers outside country boarders. Language adaptation is a prerequisite for the foreign customer to understand the offering in the first place (Constantinides, 2002), and terms & conditions are also affected by laws and regulations in the foreign market, this is in line with the arguments of the proponents of adaptation (e.g. Boddewyn et al., 1986; Wind, 1986; Douglas & Wind, 1987).
**Synergy**

Adaptation of Synergy was also negatively related to export performance, which indicate that co-operation with third parties such as affiliate marketing transportation/logistics, payment options and quality certifications should not be adapted insofar as possible, this result is in line with the reasoning behind the increased globalization observed in recent time, that infrastructure, both physical and financial as well information technological advancements (Theodosiou & Leonidou, 2003) entails more standardized strategies in this area, reducing costs that does not inhibit the fulfillment of different customer taste and preferences. Regarding transportation, there are for example several multinational transportation firms operating in Sweden and in the global market that may facilitate and reduce costs of the transportation/distribution of products (eg. DHL, UPS and FedEx) even the Swedish postal service have an extensive transportation network, especially in the Nordic countries. Similarly, payment options such as the use of credit card systems VISA or Mastercard are universally accepted and thereby dampening the need for an adapted strategy.

**System**

Adaptation of System was negatively related to export performance. The System construct contained three items administration, content development and web traffic analytics, these were standardized to a large extent. This can be explained by the fact that the elements in System actually concerns pure technological systems of a website and do not require any adaptation since the use software and hardware are similar across markets. The standardization of web traffic analytics makes sense as well, since it entails an easier task of analyzing the results of different buying patterns and profiles of customers if one single system is used.
7. Conclusions

In this chapter, a summary of the discussion around the hypotheses outcomes are presented, along with the analysis model completed with the nature of the relationships investigated.

H$_1$: **Adaptation of marketing strategy in foreign markets is negatively related to export performance.**

Hypothesis 1 was supported, which means that there is a negative relationship between adapting web marketing strategies and export performance. The reason behind this, according to previous researchers of exporting firms, is that adaptation simply is too costly and results in poor performance.

H$_2$: **Adaptation of Scope in foreign markets is negatively related to export performance.**

Hypothesis 2 was also supported, the results showed a significant negative relationship between adaptation of strategic and operational objectives (Scope) and export performance for Swedish e-commerce firms. An explanation of this was found in the literature, suggesting that adaptation of strategies might confuse the customer and result in an inconsistent brand/company image.

H$_3$: **Adaptation of Site in foreign markets is negatively related to export performance.**

Hypothesis 3 was not supported, a positive relationship was recorded between adaptation of the web experience (Site) and export performance, which is in line with previous literature, indicating that cultural differences is favorable for the firm when exploited. The results further indicated that two specific items were adapted to a much larger extent than the others; Language and Terms & Conditions suggesting that firms are adapting those elements in the firm that are basic prerequisites for exporting.

H$_4$: **Adaptation of Synergy in foreign markets is negatively related to export performance.**

Hypothesis 4 was supported, indicating that there is a negative relationship between integration of third party activities (Synergy) and export performance. A possible explanation of this relationship is the recent advancements in technologies and transportation offering e-commerce firms universal solutions.

H$_5$: **Adaptation of System in foreign markets is negatively related to export performance.**

Hypothesis 5 was also supported, implicating a negative relationship between adaptation of technology and website administration (System). Limited explanation was found for this
result, however, results indicated that standardization of these elements were associated with higher performance than adaptation.

Below the research model is illustrated with the relationship outcomes in terms of Pearson’s correlation coefficient (r) and B-value from the regression analysis:

**Figure 4: Research model with relationship outcomes**

- **Adaptation of the 4S Web-Marketing Mix model**
  - $r = -.637$
  - $B = -1.149$

- **Adaptation of Scope**
  - $r = -.302$
  - $B = -.329$

- **Adaptation of Site**
  - $r = .586$
  - $B = .336$

- **Adaptation Synergy**
  - $r$ is insignificant
  - $B = .780$

- **Adaptation of System**
  - $R = -.641$
  - $B = -0.534$
8. Implications

The contributions this study has provided are discussed, i.e. how managers of e-commerce firms exporting to foreign markets and the specific field of international marketing strategy can benefit from the results obtained through this study.

8.1 Managerial Implications

In this study it has been suggested that adaptation of firm’s aggregated web strategy has a negative impact on export performance where adaptation of Scope, Synergy and System all had negative impact on export performance individually. Although, the element of Site should be considered for adaptation since it was shown to have a positive impact on export performance. Thus, managers that want their foreign operations to increase its export performance should consider divert resources available within the firm to focus upon possible options of adaptation on the site.

For e-commerce the Site represents the firm toward customers, managers have to bear in mind that this is the primary rendezvous with the customer, which in turn may help to explain why this element should be focused on to a higher degree. Adaptation of the Site may directly and indirectly facilitate for customers and their web experience with the company, while standardization of the other Ss in the model retains important aspects regarding firm’s image, positioning and quality level. The latter is seen from a viewpoint where standardization is cost beneficial for the strategic and operational objectives, third party work and system management. By reducing cost within these areas through standardization, parts saved could be redirected to the Site, amplify its positive impact on export performance and in turn boost overall firm performance.

8.2 Theoretical Implications

Regarding this thesis contribution to Existing literature on the subject of standardization vs. adaptation and its relationship to export performance, it has validated adaptation’s negative relationship on export performance. (Facts and figures from our results) However, in addition, it has contributed with knowledge about the current relationship in the context of e-commerce. Previous literature on this topic is still scarce and with e-commerce still growing rapidly the issue of international web strategy, in the context of e-commerce, is more relevant and interesting than before. Research conducted on web strategy in the past tends to focus on the cultural differences between countries, and how this affects the design and possible
adaptation of websites. This study has provided a more holistic view on the topic ‘web strategy’ by highlighting Constantinides’ (2002) model of the 4S Web Marketing Mix. The question regarding its design and significance are included but can be judged from a different perspective than previous research as more points on the website have been highlighted.
9.0 Reflections and suggestions for future research

The authors share their own reflections upon faced issues in the process of writing this thesis and give recommendations for future research and suggest alternative approaches to increase the knowledge regarding the studied field.

Constantinides’ employed a qualitative approach when he initially tested his model on Greek online firms. He conducted in-depth interviews with companies operating in e-commerce to get a deeper and better understanding of how firms’ consider and reflect on the topic of web strategies. This was one of the reasons that this study took a quantitative approach to test the model on a larger sample with hopes of a generalizable result. In retrospect in-depth interviews with a number of companies representing different lines of business would have been preferable, since the model is still relatively under developed. A selection of three case studies would have been enough to expand knowledge and increased understanding of the 4S Web-Marketing Mix model especially within the context studied.

An issue with the article, in which Constantinides (2002) presents his model, is the lack of sources to many generic concepts and fields within strategy and marketing. One could argue that the way Constantinides make use of concepts and the conceptual approach of the paper make the sources he uses sufficient, although there is too much criticism in not using sources to build your case. This could have contributed to difficulties with the operationalization of the addressed concepts. i.e. in-depth interviews with open-ended questions and follow-up questions could have been raised to get a better understanding how companies apply international web-strategy.

Important to notice is also the high correlation values obtained when evaluating criterion validity. The variables Financial Performance and Strategic Performance had a correlation of .648 which might be considered acceptable, however, correlation between Financial Performance and Satisfaction Performance measured .829, which could be considered as unacceptable. Still, the measurement scale EXPERF by Zou et al. (1998) has been well cited and empirically validated over the years, which could dims the consequences of the anomaly.

Another approach future researchers could take is to consider alternative contingency factors to see potential impact on the relationship. Theodosiou & Leonidou (2003) presents several factors categorized into groups that one ought to regard in future studies with such an
approach. Why this thesis did not was due to the reason that previous literature has not studied the relationship in this context, and if this would have been included, it would have resulted in the study being too extensive as a one year master’s thesis.

Lastly, as discussed in methodology chapter some difficulties were faced, which affected the response rate of the study. When the web-based questionnaire was sent out to the companies, a decision was made that the questionnaire should be sent to ‘info@company’ addresses, to ensure that they would reach the right respondents. However, it later became clear that individuals that manage the info e-mail, commonly support staff, acted as gatekeepers and in many cases declined to the questionnaire. Suggestions to for future researchers is to invest the time in gathering direct e-mail addresses to key respondents and thereby possibly increase the response rate.
Reference list


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Appendix

Appendix I:

Differences in strategic approach between Swedish and foreign markets for e-commerce companies

Hello and thank you for participating in this survey,

We are two students, Oliver Göransson and Björn Sahlquist, writing a master’s thesis in international marketing strategy at Linnaeus University in Växjö.

The purpose of this study is to investigate whether there is a relationship between standardization/adaptation of marketing strategies abroad and export performance for e-commerce. Within this area of research, e-commerce business has recieved little attention, hence, it is our belief that this study can provide relevant and supportive information for e-commerce companies, who want to initiate foreign operations or already is present in foreign markets.

As a reward for your participation, we will share the results of the study, and of course your individual responses will be treated anonymously.

(Questions regarding comparison of the Swedish market and foreign market, we ask you to compare your most important foreign market)

Thank you for your help!

Växjö 2013-04-29

If you have any questions, please contact us at:

Oliver Göransson: ogosq09@student.lnu.se

Björn Sahlquist: bsadj09@student.lnu.se

Linnéuniversitetet, Växjö, Våren 2013

Examinator: Ass. Professor Sarah Philipson sarah.philipson@lnu.se

Handledare: Professor Anders Pehrsson ander.pehrsson@lnu.se
To take part of the results of the survey, please enter your email address

What is your position within the company? (If none of the alternative below fit, choose ‘other’ and type your position)

- CEO
- Marketing Director
- Web Director
- Product/Sales Manager
- ‘Other’

Number of employees

Annual turnover (mSEK)

What is your primarily industry?
- Books, musik, movies & games
- Consumer electronics
- Fashion
- Cosmetics
- Newspapers & magazines
- Sport & Outdoor products
- Toys
- Health & Supplements
- Interior Design
- Banking/Finance
- Auto parts
- ‘Other’

What type of customer do you target?
- Businesses
- Private consumer
- Both

Please specify number of countries that sales are made to

Please specify your foreign customers’ geographical origin
- Scandinavia
- Europe
- Asia
- North America
- Rest of world

Please specify your most important foreign market
To what degree does your strategic and operational objectives differ between your most important foreign market to the Swedish?

Does not differ at all   1   2   3   4   5
6   7 Totally differs

Profit
Revenues
Operating costs
Image
Increase of product and brand awareness among new customers
Customer base
Customer loyalty

The company's website has a role, it may consist of one or more of the options below. Select only the options that are appropriate for your company (more than one choice is possible).

To what degree does your website's role in your most important foreign market differ compared with the Swedish?

Does not differ at all   1   2   3   4   5
6   7 Totally differs

Informative
Educational
Service oriented
Promotional
Relationship building
Transaction
To what degree does your company’s unique selling proposition, USP, differ in your most important foreign market compared with your Swedish? (USP is the unique characteristic that distinguish an offer or proposal from its alternatives/competitors)

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<td>6</td>
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To what degree does your company positioning differ against competitors in your most important foreign market compared with your Swedish, in terms of:

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- Price
- Product quality
- Service quality
- Depth in product range

To what degree does your website’s building blocks differ on your most important foreign market compared to the Swedish?

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- Domain name
- Content (products, features, texts, etc.)
- Design (website’s structural design)
- Aesthetic design
- Language
- Terms & conditions

To what degree does your customer service options differ in your most important foreign market compared to the Swedish? (Fill in the options that are applicable to your company)

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- Email
- Telephone
- Chat
- FAQ
To what degree does your security with the web site differ in your most important foreign market compared with the Swedish?

1 2 3 4
5 6 7 Totally differs

Payment security

Handling of customer information

To what degree does the use of 3rd party services differ in your most important foreign market compared to the Swedish?

1 2 3 4
5 6 7 Totally differs

Advertising/publicity on a network of different sites through an agency or through own initiative

Logistics/Transportation

Payment options

Quality/ Safety certification (eg, Trygg E-handel)

To what degree does your online marketing differ on your most important foreign market compared to the Swedish? (Fill in only those options that are applicable to your company)

1 2 3 4
5 6 7 Totally differs

Social media

News letter via email

Online advertisement

Blog

To what degree does the use of additional physical marketing activities differ in your most important foreign market compared to the Swedish? (Fill in the options that are applicable to your company)

1 2 3 4
5 6 7 Totally differs

Direct advertising/Billboards

Newspapers/Magazines
TV/Radio

Trade shows

To what degree does your search engine strategy differ in your most important foreign market compared with your Swedish? Regarding:

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Search engine optimization

(eg, the use of relevant keywords and the like to increase your visibility in search results)

Search engine advertising (paid advertising)

To what degree does your website's ongoing management differ in your most important foreign market from the Swedish?

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Administration

Content (e.g, expansion of products, services or promotions)

Web traffic analysis

**Question regarding perceived performance in your most important foreign market**

Compared to what you expected from your most important foreign market, do you think...

...it has been very profitable
...it has generated a high volume of sales
...it has achieved rapid growth

Sales to your most important foreign market...

...has improved our global competitiveness
...has strengthened our strategic position
...has significantly increased our global market share

The overall performance of your most important foreign market has...

...has been very satisfactory
...has been very successful
...has fully met our expectations
Linnaeus University – a firm focus on quality and competence

On 1 January 2010 Växjö University and the University of Kalmar merged to form Linnaeus University. This new university is the product of a will to improve the quality, enhance the appeal and boost the development potential of teaching and research, at the same time as it plays a prominent role in working closely together with local society. Linnaeus University offers an attractive knowledge environment characterised by high quality and a competitive portfolio of skills.

Linnaeus University is a modern, international university with the emphasis on the desire for knowledge, creative thinking and practical innovations. For us, the focus is on proximity to our students, but also on the world around us and the future ahead.