INTERNATIONAL BRANDING AND PERFORMANCE IMPLICATIONS IN EMERGING MARKETS

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ABSTRACT

The central role of branding in establishing the firm’s identity and building its position in the global marketplace among customers, retailers and other marketplace participants, makes it increasingly imperative for firms to establish a clear cut international branding strategy. This study examines the impact of branding aspects on firm performance in the emerging markets of Southeast Asia. Specifically, the question of standardization versus adaptation of brand promotion is the focus of attention. After literature review, a conceptual model suggests that the standardization of brand promotion as well as a long-term brand vision provided by management, positively influence target market performance. Furthermore, the model considers external environmental factors. Data gathered from a survey with managers allow testing the hypotheses through structural equation modelling. The results of the quantitative study largely support the hypotheses.

Keywords: Branding, Standardization, Performance, Emerging Markets.

INTRODUCTION

The globalization of the marketplace gave rise to the importance of international marketing. A great number of the well-established theories in marketing are derived from research conducted in the context of advanced markets in highly industrialised countries, which raises the question whether these theories can be applied to the context of emerging markets as well (e.g. Burgess & Steenkamp, 2006; Dawar & Chattopadhyay, 2002; Jaworski & Kohli, 1993). The question of generalisability across borders and the moderating role of emerging economies characteristics also play an important role in brand management, as global branding has become a central issue in international marketing (Özsomer & Altaras, 2008).
However, literature notes that even though the academic interest is growing, research in the international branding topic is still not a major concern in international marketing, although it constitutes a central issue within a company’s overall marketing strategy (Douglas, Craig & Nijssen, 2001; Whitelock & Fastoso, 2007). The topic of international branding has not been clearly positioned within the field of marketing and international marketing, and the term “international branding” is rather defined implicitly than explicitly (Whitelock & Fastoso, 2007). According to Whitelock and Fastoso (2007), international branding is defined as “a field within international marketing concerned with the challenges that companies face when their brands cross national borders”, naming challenges as brand name, brand visual and sound elements, and brand personality. A broader definition of international branding is provided by Cheng, Blankson, Wu and Chen (2005), referring to international branding as “the process of developing a firm’s brand equity that appeals to overseas target customers’ positive attitudes about the brand”.

LITERATURE REVIEW

The standardization/adaptation debate has been a major concern among international marketing scholars for a long time and it is similarly relevant for international brand management considerations in business practice. The advantages of standardizing a firm’s marketing and branding strategies have been frequently named as economies of scale, cost reductions and the creation of a unique brand image across countries (Buzzell, 1986; Hassan & Katsanis, 1991; Jain, 1989; Levitt, 1983). However, the stream of research regarding global brands does not come to an agreement as to how standardized global brands are. The decision of standardizing or adapting a brand is not a dichotomous one, but rather a question of the extent of standardization or adaptation on a continuum. National market characteristics and cultural differences have to be taken into consideration (Öszomer & Altaras, 2008).

As Quelch and Hoff (1986) state, the central issue is not whether to go global but how to tailor the global marketing concept. This holds true for brand management as well, for example when marketing a product under various brand names or adjusting the product to different markets. Regarding the elements of the international brand that are to be standardized or adapted, it is often argued that the core concept of the brand including the positioning of the brand, brand architecture, brand personality, brand image and the functional and emotional benefits of the brand should not be altered. In contrast to this, authors state that the execution of the brand, meaning the detailed implementation through the aspects of the marketing mix, needs to be adjusted (de Chernatony, Halliburton & Bernath, 1995). Quelch and Hoff (1986) argue that strategic brand elements are more easily standardized than elements that are sensitive to execution. Brand execution is influenced by moderating factors of the emerging market environment. The main question is whether and how traditional branding from the domestic market can be adapted in order to successfully fit into the context of an emerging market economy (Dawar & Chattopadhyay, 2002).

Previous research in emerging economies often tried to cope with the absence of a Southeast Asian business environment, (Peng, 2001). A great number of international scholars have adopted an imperialist mindset, assuming that is only a matter of time that the emerging markets will converge to advanced markets in terms of economic development and consumer behaviour (London & Hart, 2004; Prahalad & Lieberthal, 1998).

Furthermore, many multinational companies focused strongly on the small wealthy segment in emerging economies, selling to them so-called global products. This strategy neglects the enormous number of consumers at the so-called bottom of the pyramid, who join the market for the first time (Prahalad& Hart, 2002). Consumers at the bottom of the pyramid are loyal to local customs and often loyal to local brands. Transferring existing products and marketing strategies or selling outdated Western products to the emerging markets is not regarded as the appropriate way to
serve the large group of consumers at the bottom of the pyramid (Prahalad & Lieberthal, 1998). The wealthy as well as the poor consumers in emerging markets need to be catered for by different strategies (Hart & Milstein, 1999).

Levitt (1983) has noted that a segment within a country is seldom unique. Due to globalisation, common segments sharing the same characteristics can be identified across countries. Czinkota, Gaisbauer and Springer (1997) note that due to a differing pace of economic transformation, Southeast Asia is not a homogeneous market. Therefore, strategies need to be differentiated across the heterogeneous market and consumer characteristics. However, strategies focusing on one country often pose high costs and may not be the right way serving emerging markets efficiently. Firms should rather consider an “emerging market strategy” with respect to the commonalities across emerging markets (Dawar & Chattopadhyay, 2002).

CONCEPTUAL MODEL AND HYPOTHESES DEVELOPMENT

Considering the topic of branding in emerging markets, this paper suggests that certain branding elements may be standardized in order to achieve superior target market performance. Particularly brand promotion bears potential to be standardized due to the appeal of global brands in emerging markets (Steenkamp, Batra, & Alden 2003).

![Conceptual model](image)

**Figure 1:** Conceptual model

Figure 1 proposes that external factors of the emerging market environment, namely media infrastructure and customer homogeneity, drive the standardization of brand promotion in the target market. In this model, the standardization of brand promotion leads to superior performance in the emerging target market. Furthermore, the model suggests a positive link between brand vision and target market performance. The following sections explore the links between the constructs as stated in the literature.

**Media infrastructure – promotion standardization link**

The availability of promotion infrastructure is a major consideration when determining the attractiveness of a foreign market (Manrai, Manrai & Lascu, 2001). Özsomer and Simonin (2004) found a positive relationship between market infrastructure similarity including media availability and marketing programme standardization in an emerging market. In developed markets,
mass communication through television is used heavily to promote a brand and it is often regarded as an economical way to reach a high number of potential customers. In emerging markets, the situation can be different, as mass media might not be similarly available. Dawar and Chattopadhyay (2002) argue that personal selling allows more customised and interactive messages than mass media, and it can also be more cost efficient in specific situations as it was observed by a company’s launch of a credit card in Asia (Rangan, 1997). Media infrastructure can be measured by the availability of advertising media, encompassing circulation of newspapers, and the number of radio and TV sets relative to the people in the country (Manrai et al. 2001). Additionally, the number of internet connections should be considered. Infrastructure such as telecommunications is often underdeveloped in emerging markets (Khanna, Palepu & Sinha, 2005). In emerging markets such as the Philippines, as evidenced by interviews undertaken in connection with the study, the standardization of brand promotion leads to superior performance by allocating marketing strategies based on demographics. Brand promotion when applied to the proper target market and determining their needs according to their culture, beliefs, age, financial capabilities and media infrastructure will definitely impact on the success of products being promoted locally and those for exportation (Herrera, 2010). Information gathered on these data will be the basis for developing the appropriate brand promotion. Therefore, the following hypothesis is stated:

H1: There is a positive relationship between media infrastructure and the standardization of brand promotion.

Customer homogeneity – promotion standardization link

Emerging markets are faced with changes in their social systems as they move towards a market economy. Customers have a strong desire for products and services and the demand potential for all categories of products and services is high. But in many countries unemployment is high and purchasing power varies (Manrai & Manrai, 2001). In their study of consumer products offered by multinational companies in less developed countries, Hill and Still (1984) mention factors causing product changes, among them purchasing power differences, socio cultural customs and taboos, customer preferences and purchasing habits. Even as emerging market customers become more affluent over time, it is not at all certain whether their preferences will converge into a worldwide consumption pattern. However, due to globalization some segments may be homogenous across advanced as well as in emerging markets:

H2: There is a positive relationship between customer homogeneity and the standardization of brand promotion.

Promotion standardization – performance link

The empirical findings on the standardization/adaptation question are inconsistent. A positive effect of marketing programme standardization on target market performance is shown in several studies (Özsomer & Simonin 2004; Zou & Cavusgil, 2002), whereas other studies reveal a positive relationship between marketing mix adaptation and performance in the target market (Calantone, Cavusgil, Schmidt & Shin, 2004; Cavusgil & Zou, 1994; Cooper & Kleinschmidt, 1985). Some studies find no evidence for a relationship between adaptation and target market performance (O’Cass & Julian, 2003; Samiee & Roth, 1992). Performance may include objective as well as subjective aspects such as sales volume, growth rate, profitability and success perceived by management (Cavusgil & Zou, 1994; Samiee & Roth, 1992). This study suggests a positive effect of brand promotion standardization on target market performance:

H3: The standardization of brand promotion positively influences target market performance.
Brand vision – Performance link

A brand oriented-approach encompasses being impassioned and seeing the brand as a mission and a vision. The concept of brand orientation includes the concept of brand vision which can be defined as “a projection of the brand out into the future”, answering the question what can be achieved with the brand and highlighting the strategic aspect of brand management (Urde, 1999). The attitude of top management plays an important role in this concept. In a more recent study, Wong and Merrilees (2008) found a significant influence of brand orientation on brand performance as well as a positive relationship between brand performance and financial performance. Therefore, this study hypothesizes a direct relationship between brand vision and performance:

H4: Brand vision provided by management positively influences target market performance.

METHODOLOGY AND RESULTS

Results of the qualitative pre-study

After the development of the research propositions out of the literature review, this study takes a two-stage approach. At first, qualitative in-depth interviews with Philippine managers doing business in the emerging markets of Southeast Asia provide insight into the problem dimensions of the topic. The managers were asked about the branding programmes of their firm in their most important Southeast Asian target markets. The interviews were recorded, transcribed and analysed. Categories were built for content analysis, and they describe the problem dimensions of the topic. The interviews were analysed in a step-by-step approach according to previously established categories (Mayring & Brunner 2007).

The analysis of the interviews revealed that environmental factors play an important role for branding programmes in the foreign target market. Although Southeast Asian countries share commonalities, each country in the region has to be considered individually. In general, the environmental factors are seen as rather stable. Regarding media infrastructure, the interviewees mentioned a high usage of television and the internet, which makes it possible to standardize communication activities. However, differences in the media availability within a country have to be considered, particularly in urban versus rural areas. Thus, careful analysis of the media infrastructure is suggested. Although purchasing power is comparatively low in Southeast Asia, the desirability of Western products and brands is high according to the interviewees. The conclusion is that at least in some segments, customer homogeneity exists and therefore brand promotion standardization is feasible. The interviewees confirmed that they employ a standardized branding programme in terms of promotion. One of the few exceptions from standardization was keeping a strong local brand name after the acquisition of a local competitor. The interviewees stated that standardization is a key performance driver in the emerging target market, and they highlighted the importance of a managerial brand vision. Hence, the qualitative interviews support the conceptual model to a great extent. In a second step, the hypotheses suggested in the conceptual model are tested through structural equation modelling using PLS (Partial Least Squares). The data were gathered through a quantitative survey among Philippine managers with business operations in Southeast Asia.

Construct measurement

The constructs of the survey were measured by existing scales that had previously been validated in the literature. All constructs were measured using 5-point Likert scales anchored by “strongly agree” and “strongly disagree”. Furthermore, the scales were pretested among researchers in academia and business practitioners with international experience. In this study, reflective measurement models were applied, i.e. that observed variables are interchangeable manifestations of
the underlying construct (Bagozzi & Baumgartner 1994). Although literature lists certain decision criteria, the decision whether the measurement model is reflective or formative remains highly subjective (Homburg & Klarmann 2006), as it is difficult to objectively determine the direction of causality from construct to measure (Edwards & Bagozzi 2000). Hence it is problematic to talk about misspecifications as formative or reflective measurement models (Homburg & Klarmann 2006). However, Table 1 shows the empirical and theoretical considerations of the formative and reflective measurement models. (Coltman, 2008)

<table>
<thead>
<tr>
<th>Considerations</th>
<th>Reflective model</th>
<th>Formative model</th>
<th>Relevant literature</th>
</tr>
</thead>
</table>
| **Theoretical Considerations**  | 1. Nature of Construct                                                                                                                                                                                           | • Latent construct is existing  
• Latent construct exists independent of the measures used                                                                                               | Borsboom et al. (2003, 2004)                                                                                           |
| **Direction of causality**      | • Causality from construct to items  
• Variation in the construct causes variation in the item measures  
• Variation in item measures does not cause variation in the construct                                                                 | • Causality from items to construct  
• Variation in the construct does not cause variation in the item measures  
• Variation in item measures causes variation in the construct                                                                 | Bollen and Lennox (1991); Edwards and Bagozzi (2000); Rossiter (2002); Jarvis et al. (2003) |
| **Characteristics of items**    | • Items are manifested by the construct  
• Items share a common theme  
• Items are interchangeable  
• Adding or dropping an item does not change the conceptual domain of the construct                                                                 | • Items define the construct  
• Items need not share a common theme  
• Items are not interchangeable  
• Adding or dropping an item may change the conceptual domain of the construct                                                                 | Rossiter (2002); Jarvis et al. (2003)                                                                                           |
| **Empirical Considerations**    | 4. Item Intercorrelation                                                                                                                                                                                         | • Items should have high positive intercorrelations  
• Empirical test: internal consistency and reliability assessed via Cronbach alpha,                                                                                           | Cronbach (1951); Nunnally and Bernstein (1994); Churchill (1979); Diamantopoulos                                                                                           |
<table>
<thead>
<tr>
<th>5. Item relationships with construct antecedents and consequences</th>
<th>Average variance extracted, and factor loadings (e.g., from common or confirmatory factor analysis) cannot be assessed empirically; various preliminary analyses are useful to check directionality between items and construct</th>
<th>Various preliminary analyses are useful to check directionality between items and construct</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Measurement error and collinearity</td>
<td>Items have similar sign and significance of relationships with the antecedents/consequences as the construct Empirical test: content validity is established based on theoretical considerations, and assessed empirically via convergent and discriminant validity</td>
<td>Items may not have similar significance of relationships with the antecedents/consequences as the construct Empirical test: nomological validity can be assessed empirically using a MIMIC model, and/or structural linkage with another criterion variable</td>
</tr>
<tr>
<td>- Error term in items can be identified Empirical test: common factor analysis can be used to identify and extract measurement error</td>
<td>- Error term cannot be identified if the formative measurement model is estimated in isolation Empirical test: vanishing tetrad test can be used to determine if the formative items behave as predicted Collinearity should be ruled out by standard diagnostics such as the condition index</td>
<td>- Error term cannot be identified if the formative measurement model is estimated in isolation Empirical test: vanishing tetrad test can be used to determine if the formative items behave as predicted Collinearity should be ruled out by standard diagnostics such as the condition index</td>
</tr>
</tbody>
</table>

The media infrastructure measure consists of four items established by Okazaki, Taylor and Doh (2007). The respondents were asked to assess the target market regarding the availability of similar advertising media, the possibility to conduct similar market research studies, the similarity of media costs and the availability of advertising agencies with international networks. Customer homogeneity was measured by four items also established by Okazaki, Taylor and Doh (2007). The construct includes the assessment of customer similarity between home and target market, the appeal to similar target segments in the foreign market, the similarity of lifestyle between the home and the foreign market, and finally the similarity of customers’ tastes and habits in the foreign market. Brand vision was measured according to Vallaster and de Chernatony (2005). Respondents were asked to assess to what extent the brand stands for a core set of values, whether the purpose of the brand was well-defined and whether the future direction of the brand was clear. The construct of promotion standardization was measured by two items as suggested by Zou and Cavusgil (2002).
First, the similar execution of advertising in the home and the foreign market was assessed by the respondents, second they were asked to state to what extent they used similar techniques for sales promotion in the home market and the foreign market. Finally, the measurement of the performance construct was adapted from the EXPERF scale by Zou, Taylor and Osland (1998). They conceptualize performance as a three-dimensional construct depicting financial performance, strategic performance and satisfaction with performance. The original number of nine items to measure the construct was reduced to five items in this study in order to avoid a lengthy questionnaire. Four items with lower standardized item-loading were left out, and the five items with the highest standardized item loading were used in this study. Hence, respondents were asked to assess the profitability and the generation of a high sales volume in the foreign market regarding financial performance. Concerning strategic performance, respondents assessed the improvement of the strategic position and the increase of the market share in their main target market. Finally, the extent to which the performance has been satisfactory was evaluated by the respondents.

Results of the quantitative study using PLS path modelling

In order to test the hypotheses, a quantitative study among Philippine managers was conducted in September, 2012 drawing upon the database of the Philippines Chamber of Commerce. The questionnaire has been pretested among academics and international marketing practitioners likewise to ensure technical usability and conceptual correctness. A small number of questionnaires had to be removed as they referred to target markets that were not relevant for this study, e.g. Singapore. The online survey yielded a total of 153 usable responses. As the questions were all declared as mandatory in order to be able to move on to the next question, the problem of missing values was not an issue in this study.

For data analysis, this study employed PLS (partial least squares) path modelling using SmartPLS 2.0 (Ringle, Wende & Will, 2005). The application of PLS is feasible as the sample size is comparatively low and a LISREL approach would not make sense, as the minimum recommendation for LISREL is 200. The robustness of model estimations even with smaller sample sizes is a clear advantage of PLS. Furthermore, PLS does not rely on distributional assumptions (Chin, 1998). A rule of thumb suggests that a sample analysed by PLS should be at least ten times larger than the largest number of exogenous constructs that load on one endogenous construct (Chin & Newsted, 1999). Thus, the minimum sample size required in this study is far exceeded by the sample consisting of 153 responses.

The evaluation of the PLS path model results does not provide a global goodness-of-fit criterion. Thus, the evaluation of the measurement model and the evaluation of the structural model both determine the quality of the model. The assessment of the reflective measurement model includes composite reliability, indicator reliability, average variance extracted (AVE), and cross-loadings (Henseler, Ringle & Sinkovics, 2009). Composite reliability is a measure of internal consistency, and the values must not be lower than 0.6 (Henseler et al., 2009). Table 2 shows that all values are above the threshold:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Vision</td>
<td>0.93</td>
</tr>
<tr>
<td>Customer homogeneity</td>
<td>0.91</td>
</tr>
<tr>
<td>Media infrastructure</td>
<td>0.83</td>
</tr>
<tr>
<td>Promotion standardization</td>
<td>0.87</td>
</tr>
<tr>
<td>Performance</td>
<td>0.93</td>
</tr>
</tbody>
</table>
In terms of indicator reliability, the absolute standardized outer loadings should be above 0.7 (Henseler et al., 2009), which is met by all indicators of the model except one:

### Table 3: Indicator reliability

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicator Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media infrastructure</td>
<td>0.80 / 0.83 / 0.50 / 0.79</td>
</tr>
<tr>
<td>Customer homogeneity</td>
<td>0.88 / 0.81 / 0.87 / 0.84</td>
</tr>
<tr>
<td>Brand vision</td>
<td>0.91 / 0.91 / 0.88</td>
</tr>
<tr>
<td>Promotion standardization</td>
<td>0.89 / 0.87</td>
</tr>
<tr>
<td>Performance</td>
<td>0.75 / 0.85 / 0.91 / 0.84 / 0.87</td>
</tr>
</tbody>
</table>

As shown in the Table 3, one indicator of the media infrastructure construct is below 0.7. However, the recommendation to eliminate reflective indicators from the model refers to values below 0.4 (Henseler et al., 2009). As the value of the indicator in question is 0.5, the indicator is not eliminated from the model.

Proceeding to the next step in the assessment of the measurement model, the average variance extracted (AVE) should be higher than 0.5 (Henseler et al., 2009), which is met by all values of the model:

### Table 4: Average variance extracted

<table>
<thead>
<tr>
<th>Construct</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media infrastructure</td>
<td>0.56</td>
</tr>
<tr>
<td>Customer homogeneity</td>
<td>0.72</td>
</tr>
<tr>
<td>Brand Vision</td>
<td>0.82</td>
</tr>
<tr>
<td>Promotion standardization</td>
<td>0.77</td>
</tr>
<tr>
<td>Performance</td>
<td>0.71</td>
</tr>
</tbody>
</table>

Finally, the assessment of the measurement model encompasses the examination of the cross-loadings in order to account for discriminant validity:

### Table 5: Cross-loadings

<table>
<thead>
<tr>
<th></th>
<th>Brand vision</th>
<th>Customer homogeneity</th>
<th>Media infrastructure</th>
<th>Performance</th>
<th>Promotion standardization</th>
</tr>
</thead>
<tbody>
<tr>
<td>BVISION1</td>
<td><strong>0.91</strong></td>
<td>0.06</td>
<td>0.33</td>
<td>0.37</td>
<td>0.27</td>
</tr>
<tr>
<td>BVISION2</td>
<td><strong>0.91</strong></td>
<td>0.04</td>
<td>0.34</td>
<td>0.29</td>
<td>0.28</td>
</tr>
<tr>
<td>BVISION3</td>
<td><strong>0.88</strong></td>
<td>0.11</td>
<td>0.30</td>
<td>0.24</td>
<td>0.19</td>
</tr>
<tr>
<td>CUSTHOMO1</td>
<td>-0.05</td>
<td><strong>0.88</strong></td>
<td>0.19</td>
<td>0.30</td>
<td>0.22</td>
</tr>
<tr>
<td>CUSTHOMO2</td>
<td>0.06</td>
<td><strong>0.81</strong></td>
<td>0.13</td>
<td>0.17</td>
<td>0.17</td>
</tr>
<tr>
<td>CUSTHOMO3</td>
<td>0.08</td>
<td><strong>0.87</strong></td>
<td>0.24</td>
<td>0.22</td>
<td>0.24</td>
</tr>
<tr>
<td>CUSTHOMO4</td>
<td>0.17</td>
<td><strong>0.84</strong></td>
<td>0.16</td>
<td>0.28</td>
<td>0.20</td>
</tr>
<tr>
<td>MINFRA1</td>
<td>0.39</td>
<td>0.12</td>
<td><strong>0.80</strong></td>
<td>0.33</td>
<td>0.52</td>
</tr>
<tr>
<td>MINFRA2</td>
<td>0.21</td>
<td>0.19</td>
<td><strong>0.83</strong></td>
<td>0.26</td>
<td>0.54</td>
</tr>
<tr>
<td>MINFRA3</td>
<td>0.17</td>
<td>0.16</td>
<td><strong>0.50</strong></td>
<td>0.07</td>
<td>0.28</td>
</tr>
<tr>
<td>MINFRA4</td>
<td>0.28</td>
<td>0.19</td>
<td><strong>0.80</strong></td>
<td>0.22</td>
<td>0.58</td>
</tr>
<tr>
<td>PERF1</td>
<td>0.13</td>
<td>0.34</td>
<td>0.23</td>
<td><strong>0.75</strong></td>
<td>0.25</td>
</tr>
<tr>
<td>PERF2</td>
<td>0.21</td>
<td>0.18</td>
<td>0.20</td>
<td><strong>0.85</strong></td>
<td>0.31</td>
</tr>
<tr>
<td>PERF3</td>
<td>0.38</td>
<td>0.23</td>
<td>0.33</td>
<td><strong>0.91</strong></td>
<td>0.36</td>
</tr>
<tr>
<td>PERF4</td>
<td>0.40</td>
<td>0.24</td>
<td>0.27</td>
<td><strong>0.84</strong></td>
<td>0.33</td>
</tr>
<tr>
<td>PERF5</td>
<td>0.23</td>
<td>0.25</td>
<td>0.26</td>
<td><strong>0.87</strong></td>
<td>0.29</td>
</tr>
<tr>
<td>PSTAND1</td>
<td>0.21</td>
<td>0.14</td>
<td>0.39</td>
<td>0.23</td>
<td><strong>0.89</strong></td>
</tr>
<tr>
<td>PSTAND2</td>
<td>0.27</td>
<td>0.31</td>
<td>0.47</td>
<td>0.43</td>
<td><strong>0.87</strong></td>
</tr>
</tbody>
</table>
In summary, it can be stated that the evaluation of the measurement model has yielded reliable and valid model estimations. Therefore, the structural model can be assessed in the next step through $R^2$ of endogenous variables and estimates for path coefficients. The coefficient of determination ($R^2$) of the endogenous latent variables describes the structural model. Values above 0.67, 0.33, or 0.19 for endogenous latent variables in PLS path models are regarded as substantial, moderate or weak (Chin1998). If a structural model explains an endogenous latent variable by only one or two exogenous latent variables, a lower threshold for $R^2$ values is acceptable (Henseler et al., 2009).

<table>
<thead>
<tr>
<th>Endogenous variable</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion standardization</td>
<td>0.46</td>
</tr>
<tr>
<td>Performance</td>
<td>0.20</td>
</tr>
</tbody>
</table>

Table 6 shows that the $R^2$ values obtained from the PLS path model are moderate for promotion standardization and weak for performance. As performance is influenced by a number of other factors that have not been considered in this model, the rather low $R^2$ value has to be regarded as acceptable compared to other studies in this research field (e.g. Sichtmann & van Selasinsky, 2010).

Path coefficients of the structural model are evaluated according to sign, magnitude and significance. The latter is determined via the bootstrapping procedure. The sign of the structural paths should be inline with previously postulated signs. The threshold for substantial relationships is 0.2. Values below 0.2 are further clarified through bootstrapping which provides additional information and proof. Here, bootstrapping is conducted with 5000 subsamples and a student’s t-test is performed. The threshold for the empirical t-value is 1.965 at a significance level of 95%, values that are higher are regarded as significant (Henseler et al., 2009):

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Path coefficient</th>
<th>Empirical t-value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Media infrastructure =&gt; promotion standardization</td>
<td>0.64</td>
<td>9.45</td>
<td>Significant</td>
</tr>
<tr>
<td>H2: Customer homogeneity =&gt; promotion standardization</td>
<td>0.11</td>
<td>1.71</td>
<td>Not significant</td>
</tr>
<tr>
<td>H3: Promotion standardization =&gt; performance</td>
<td>0.30</td>
<td>3.47</td>
<td>Significant</td>
</tr>
<tr>
<td>H4: Brand vision =&gt; performance</td>
<td>0.26</td>
<td>4.20</td>
<td>Significant</td>
</tr>
</tbody>
</table>

The analysis of the structural model reveals that three hypotheses (H1, H3, H4) can be supported. Media infrastructure has a positive and significant influence on the standardization of brand promotion activities in the South East Asian target market. The standardization of brand promotion in turn has a significant impact on firm performance in the foreign target market, which supports the standardization perspective in international marketing literature. Finally, brand
vision provided by top management has a positive and significant influence on firm performance in the Southeast Asian target market. The hypothesized relationship between customer homogeneity and promotion standardization could not be supported in this study.

DISCUSSION AND IMPLICATIONS

In the international marketing literature there has been a long debate on the question of standardization versus adaptation of marketing activities. Previous studies on the performance effects of standardization/adaptation of marketing and branding programmes have yielded mixed results. The findings of this study add to the existing body of literature by supporting the view of positive standardization effects on firm performance in the foreign target market. Furthermore, a large number of studies have focused on the context of advanced markets such as the US, Western Europe or Japan, whereas emerging markets have been largely neglected. By considering the foreign target markets of Southeast Asia, this study takes into account the emerging markets context.

This study considers media infrastructure and customer homogeneity as antecedents of brand promotion standardization. Media infrastructure plays a crucial role in emerging markets, as it is often not as developed as in advanced markets. The positive influence of media infrastructure on brand promotion standardization in the markets of Southeast Asia highlights the importance of media infrastructure availability. Thus, a managerial implication resulting from this significant relationship is to carefully consider the existing media infrastructure in the foreign target markets of Southeast Asia. Although there is a potential for standardizing brand promotion, it is not a homogenous region. Differences in the development of the infrastructure do exist, and each country has to be examined separately.

The rationale for choosing customer homogeneity as antecedent for promotion standardization goes back to the question of the existence of the Asian customer and the conversion of tastes over time. The relationship between customer homogeneity and brand promotion standardization turned out to be non-significant. As mentioned above, Southeast Asia is not a homogenous region and each country has to be examined separately before market entry. Some countries may share commonalities with other emerging markets or with other advanced markets. Therefore, brand promotion standardization may not be feasible under each circumstance in the context of the emerging markets of Southeast Asia.

The results of this study support the positive impact of brand promotion standardization on firm performance in the foreign target market. Given the complex environment of the firm and the high number of factors contributing to the international success of the firm, the conclusion is that the effects of brand promotion standardization are substantial. Thus, a standardized approach towards brand promotion at least to a certain extent is recommended for the emerging markets of Southeast Asia. Cost savings and economies of scale associated with standardization, as previously suggested in the international marketing literature, are supported for the emerging markets of Southeast Asia. Thus, basic assumptions derived from research mainly conducted in advanced markets hold true for the context of emerging markets as well. This study therefore adds to the question of transferability of traditional marketing theories and concepts from advanced markets to emerging markets.

Finally, the results of this study contribute to branding research in international marketing. So far, international branding is still under-researched in the marketing and international business literature (Whitelock & Fastoso, 2007). This applies even more to the research setting of emerging markets such as Southeast Asia. The positive and significant effect of brand vision on firm performance highlights the role of top management for a successful brand management leading to an increased performance of the firm in the foreign target market. Thus, firms and their managers are encouraged to establish and actively live the vision of their brand. Top managers may act as role models conveying the values of the brand to their employees and customers likewise. In international
business operations, the vision of the brand can serve as a common anchor across countries and cultures.

**LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH**

Some limitations of this study result from the conceptual focus and the research design that led to trade-off decisions in some areas. First of all, the variables examined cover only a small part of the complex international environment of the firm. The number of potential sources that have an influence on standardization and performance is high. Thus, the conceptual model of this study depicts a highly specific area of investigation. A number of alternative conceptual models including other variables and antecedents in terms with respect to the branding topic would be feasible.

Another limitation lies in the empirical context in which the study was conducted. The study focused on managers of Philippine firms doing business in the emerging markets of Southeast Asia. Generalisations of the findings should be made with caution, as the institutional context of Southeast Asian countries might differ from other emerging markets such as India, China or Brazil. In these markets, the relationships that were supported in the model of this study may turn out to be different. The hypotheses that were supported in this study might not hold in other empirical settings.

Thus, further research should incorporate different countries or regions in an emerging market context. The research design took the form of a cross-sectional study covering a broad range of industries. However, in future research it would be important to also conduct longitudinal studies on the topic of standardization and firm performance to support the generalisability of the results. Another avenue for future research would be a sector-specific approach. Furthermore, a key informant was asked in each firm to elicit his or her perceptions of the variables in question. Future studies could include multiple informants of one firm or objective data to triangulate the answers.

Regarding the measurement of the constructs, this study relied on scales that have already been used in empirical research and published in high-quality academic journals. In the case of brand promotion standardization, this resulted in a measurement with fewer than three items. Although this scale receives support in the literature, a greater number of items would be desirable with respect to increased reliability in future studies on the topic. Another limitation lies in the use of PLS for modelestimation and for testing the hypotheses. As PLS does not allow testing the overall fit of the model, future studies could rely on covariance based structural modelling using for example LISREL or AMOS.

**REFERENCES**


