

The Key to Successful Euromarketing: Standardization or Customization?

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SUMMARY. Using a framework that incorporates notions from economics and consumer behavior, this paper examines the similarities and differences with respect to consumers and marketing infrastructure in the countries of the European Union. The conclusion is that there are tremendous differences in income levels and income spending patterns among the countries of the European Union and also major differences with respect to consumer values and lifestyles. Furthermore, the distribution and retailing environments as well as the media, differ considerably from one country to the other.

The perspective of completely standardized marketing strategies for the whole European Union is still far removed. If a consumer homogenization process is taking place at all, such a process is likely to be slow. Suppliers (i.e., manufacturers and retailers) adopting Euro-oriented marketing strategies will contribute more to the emergence of the 'European Consumer' than the autonomous cultural homogenization process. [Article copies available from *The Haworth Document Delivery Service*: 1-800-342-9678.]

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INTRODUCTION

The European Union (EU) of twelve countries constitutes a market of about 325 million consumers. The famous 1985 'White Paper' of Lord Cockfield was aimed at the realization of 300 measures that will bring about a truly European market. Much of this has been realized now. With the disappearance of the legal, fiscal, administrative and institutional thresholds between the national markets it can be expected that an increasing number of companies, many of them operating nationally up to now, will invade new territories and try to market their products and services to customers in other EU-countries.

A fundamental question then is: how should these companies, when directing themselves to buyers in different European countries, design their marketing programs? Should they follow a standardized policy, i.e., apply the same marketing program to the different consumer groups in the different EU-countries, or should they customize their marketing programs and adapt them to the specific needs and wants in the specific countries? With 'marketing program' we mean the complete marketing mix: product design, product positioning, brand name, packaging, retail price, basic advertising message, creative expression, sales promotion, media allocation, salesforce, type of retail outlets and customer service (Jain, 1989).

Within marketing the issue of standardization versus customization has been heavily debated, although not so much in the context of the emerging European market, but more often in the context of American companies going international.

Levitt (1983) has coined the term: 'globalization of markets.' His thesis is that new technological facilities (especially in communication) drive consumers wants and wishes into global commonality. "The world preference structure gets pressed into homogenized commonality." Gone or going rapidly are the accustomed differences in national and regional preferences regarding product or service features. Levitt's message is: perform global marketing, that is: standardization of a firm's marketing programs in different countries.

In Levitt's terminology, the opposite of global marketing is multinational marketing. The multinational corporation operates in a number of countries where in each situation it adjusts to the presumptive special conditions of the particular country: "The multinational corporation's accommodation mode to visible national differences is medieval and so are its offerings and its prices."

A quite opposite view is given by Kotler in his article: 'Global Standardization . . . Courting Danger' (1986). His assertion is that many

international product failures have been caused by a lack of product adaptation. His adagium is: international customization, because customer demand in different nations for specific product features is different, consumers differ in resources and behavior and the environmental factors are different. Wind (1986) states that there is no strong empirical evidence that the world is becoming homogeneous.

Sheth (1986) emphasizes the difference between global competition and global marketing. Through worldwide mergers and acquisitions many firms compete globally, but using a customized marketing strategy (i.e., marketing programs adapted to local conditions).

Of course there is no unequivocal answer to the question in the title of this paper. The best that can be said with respect to the choice between standardization and customization is: it will depend. In this contribution an endeavor will be made to take stock of and discuss the factors that should be taken into account when making this choice.

We will ask the question of standardization versus customization in the context of marketing towards the twelve different national consumer populations that constitute the European Union.

The question of global or multinational marketing in Europe has not often been dealt with in the international scientific marketing literature, with some exceptions, e.g., Wills (1991), Guido (1991) and Brown and Burt (1992). Some papers can be found in the literature within individual EU countries, e.g., in Holland: Steenkamp (1992), and Steenkamp et al. (1993). This lack of a substantial literature is surprising since the different EU-countries with their broad variety of ethical, cultural and historical differences offer an ideal opportunity to study the feasibility of standardized marketing programs.

In this paper we deal with the topic of Euromarketing at three levels: European consumers, European marketing infrastructure and European companies.

After developing a conceptual framework based on the (economic) notion of the income allocation process over expenditure categories and the (behavioral) notion of consumer decision processes within product classes, we look at the similarities between European consumers with respect to income level, and expenditure patterns on one hand and factors that influence consumer decision processes (family, values, lifestyle, etc.) on the other hand.

With respect to marketing infrastructure we look at similarities and differences with respect to factors such as retailing structure, media, advertising, distribution networks and their evolution in a European Union context.

As regards the European companies we discuss the major drives and hurdles in going European.

The paper ends with a few summarizing conclusions and the presentation of items for a research agenda on Euromarketing.

SIMILARITY OF THE EU-MARKETS

For the analysis of the similarity of Euroconsumers we use two frameworks, one economic and one behavioral.

From a marketing point of view important questions are: how much can consumers spend, how do they allocate their expenditures over major consumption categories and within each category over generic product classes; and finally, how do they make their choices within a product class?

Figure 1 is a schematic representation of these different levels in the consumer income allocation process.

Since we would have obtained a huge scheme otherwise, in this figure at level 3 only two items: food and beverages and at level 4 only one: beer have been worked out as examples.

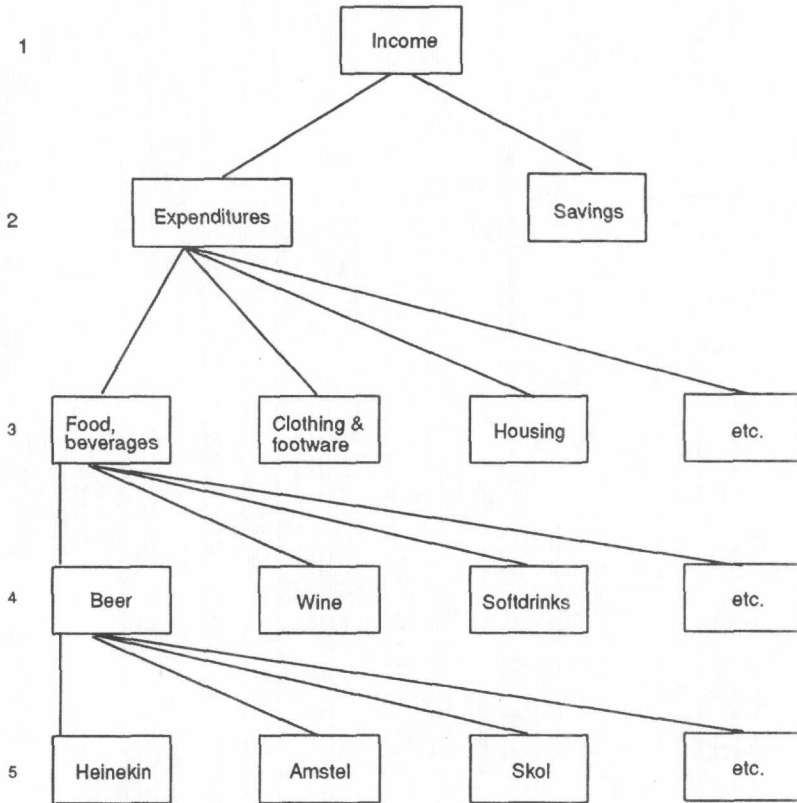
All other things being equal, the more equal the income levels and the more similar the allocation patterns over the several spending categories in the different markets, the better are the perspectives for a standardized marketing approach.

For a marketer the more generic allocation mechanism represented by the levels 2 to 4 of Figure 1 is important because it determines, at least in the short run, the potential of a market. The major interest of a particular brand manufacturer, however, is level 5: the choice by a consumer of a specific brand in a product class. Level 5 refers to the consumer decision process, also called the consumer problem solving process, which has received much attention in the behavioral marketing literature over the last three decades.

To evaluate the effects of specific (country) factors on the consumer decision processes and its outcome, we need a theory or (at least) a model of the way a consumer makes his choice from the alternatives in a product class. For this purpose we developed the schematic representation of Figure 2, which has been adapted from Engel, Blackwell and Miniard (1993).

The 'Engel and Blackwell model' as it is known in the literature, has been around for over twenty-five years and has been applied (with variations) in a huge number of different product classes and countries all over the world. The idea in using it here is that the structure of the model describing the consumer decision process is *universal*, but that the content

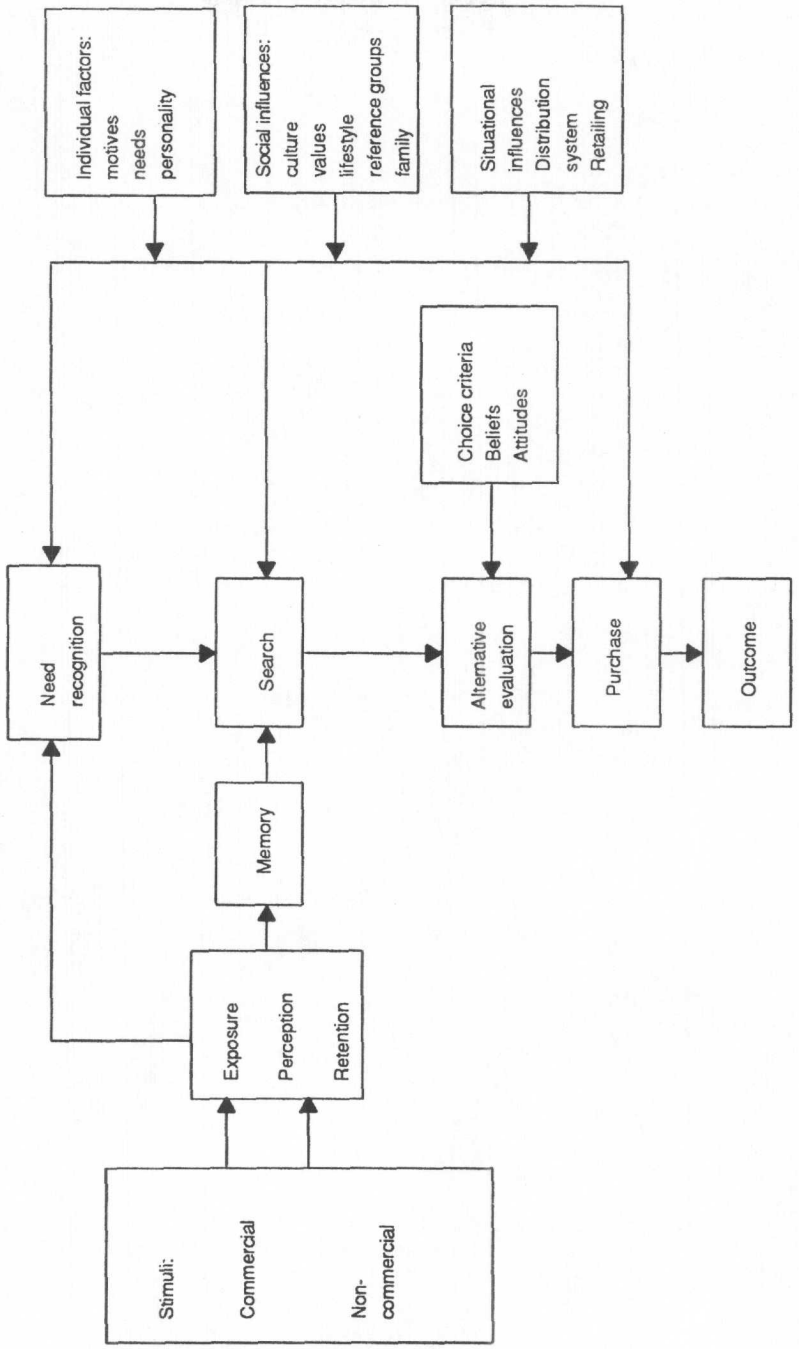
FIGURE 1. Different Levels of the Consumer Income Allocation Process



Levels

- 1 = income
- 2 = allocation over spending and saving
- 3 = allocation of expenditures over major consumption categories
- 4 = generic product class choice
- 5 = brand choice with product class

FIGURE 2. Abbreviated and Adapted Version of a Universal Consumer Decision Model (After: Engel, Blackwell & Miniard, 1993)



of the several *components* may vary from country to country, depending on the environment of the consumer.

Basically, the model of Figure 2 represents the consumer decision process as a process of problem solving which develops in five steps: need recognition, search, alternative evaluation, choice and outcome. For need recognition the (individual) motives are important. Motives are enduring predispositions that direct behavior toward certain goals (Engel et al., 1993, p. 35). Motives are activated by (i) drive arousal (e.g., hunger, thirst), (ii) 'autistic thinking' or (iii) environmental stimulation. It is clear that the first two are predominantly individual and universal, whereas environmental stimulation has everything to do with the type of society a consumer is in.

For the search-stage the consumer *information* environment is important. The consumer continuously receives stimuli from commercial and non-commercial sources that inform him/her about product, brands, and their attributes. Depending on exposure and attention factors a subset of all these stimuli will ultimately be stored in the consumer memory and constitutes information for his/her choices. Of course, there is also a direct effect of outside stimuli on problem recognition: seeing advertisements may directly trigger the purchase of an item in a product class. So it is clear that the consumer information environment in a country, media (newspapers, magazines, radio, TV) and advertising patterns, have a major impact on the outcome of consumer decision processes.

As Figure 2 indicates, there is a considerable influence of social factors on the consumer decision process: culture, values, lifestyle, reference groups, family, etc. Culture is a fundamental issue, it refers to the complex of values, ideas, artifacts and other meaningful symbols that serve humans to communicate, interpret and evaluate as members of society (Engel et al., 1993, p. 34). They are transmitted from one generation to the next and therefore deeply rooted in a society. Values are shared beliefs or group norms that have been internalized by individuals. For example, as some of the core values of the American society have been mentioned: achievement and success, activity, efficiency and practicality, progress, material comfort and freedom (Schiffman and Kanuk, 1978). As Figure 2 indicates, consumer values affect beliefs and attitudes with respect to products and brands and these are very important for the choices a consumer makes.

Since values are so important for the way consumers make their decisions, differences in consumer values between countries are of utmost relevance for the way the consumer should be approached by the marketer. The same holds for the concept of lifestyle: the patterns in which people live and spend time and money (Engel et al., 1993, p. 369). Lifestyle is a

summary construct, reflecting consumer values. Value and lifestyle research (psychographics) may thus serve to analyze differences between countries. In the next paragraph we will give some comparative results from this type of research for different European countries.

Also relevant in the context of social influences on behavior is the concept of 'reference groups': those groups which have the ability to modify or reinforce individual's attitudes. (Robertson et al., 1984, p. 424). One of the major reference groups is the family. Thus differences in family structure between countries can be expected to lead to differences in consumer behavior.

Most European countries represent societies that have evolved in a process of development over many centuries. This causes many differences in cultures, values and lifestyles.

In addition to individual factors, social influences and influences from the information environment, there are other environmental factors that affect consumer behavior. A very important one is the retailing environment in which a customer makes his purchases. It makes quite a difference if he/she buys in a ultra-modern super- or hypermarket or in a traditional small grocery shop.

After having introduced these concepts which offer an analytical framework for studying the differences between European consumers, we will now look at some factual data pertaining to these concepts.

Expenditures and Income Allocation Patterns

Table 1 provides information on an important part of the consumer income allocation process (level 3), as depicted in Figure 1.

The first striking element of Table 1 is the large differences in consumer expenditures between the 12 countries. Total expenditure levels (not included in this table) range from 1654 ecu's per capita in Portugal to 8336 ecu's per capita in Western Germany, which is a ratio of 1 to 5. In studying the figures of Table 1 one should realize that they do not tell the complete story, factors like tax regimes for example may also affect purchasing power of individual consumers.

Differences in purchasing power are of direct interest to the marketer, but in an indirect way, different income levels generally also represent different education levels and different habits with respect to magazine reading and TV-watching which is important for marketing communication.

The second conclusion to be drawn from Table 1 is that there are considerable differences in the allocation patterns over consumption categories. For example, food and beverages as percentage of total expenditures

TABLE 1. Allocation of Expenditures over Major Consumption Categories in the 12 EG-Countries (Ecu's per capita)*

Spending categories	Food, beverages and tobacco	Clothes and footwear	Gross rent, fuel and power	Furniture, furnishings, households equipment	Medical care and health expenses	Transport and communication	Recreation, entertainment education and cultural services
Country:							
1 Belgium	1490 (22)	514 (7)	1350 (20)	696 (10)	730 (11)	878 (13)	419 (6)
2 Denmark	1961 (24)	488 (6)	2049 (25)	574 (7)	153 (2)	1401 (17)	786 (10)
3 W-Germany	1443 (17)	663 (8)	1650 (20)	695 (8)	1176 (14)	1180 (14)	731 (9)
4 Greece	1198 (40)	254 (9)	348 (12)	230 (8)	90 (3)	444 (15)	131 (4)
5 Spain	1060 (28)	276 (7)	604 (16)	266 (7)	142 (4)	525 (14)	259 (7)
6 France	1650 (21)	498 (6)	1451 (18)	660 (8)	1109 (14)	1101 (14)	505 (6)
7 Ireland	1623 (45)	224 (6)	474 (13)	217 (6)	62 (2)	475 (13)	332 (9)
8 Italy	1504 (29)	432 (8)	793 (15)	338 (6)	262 (5)	712 (14)	402 (8)
9 Luxembourg	1782 (23)	503 (7)	1606 (21)	704 (9)	510 (7)	1295 (17)	264 (3)
10 Netherlands	1284 (19)	450 (7)	1314 (20)	485 (7)	836 (13)	717 (11)	620 (9)
11 Portugal	627 (19)	152 (9)	87 (5)	148 (8)	73 (4)	257 (15)	93 (6)
12 United Kingdom	1200 (19)	447 (7)	1271 (20)	422 (6)	86 (1)	1028 (16)	588 (9)

* Source: Eurostat 1989
() = percentage of total expenditures

ranges from 17% in West-Germany to 45% in Ireland. Of course this percentage is related to income (Engel's law).

Table 2 gives information about consumption one level deeper: consumption of specific product categories within the category foods and beverages (level 4 of Figure 1). Here again we see tremendous differences, also between countries with similar income levels. For example, consumption of dairy products per head varies from 81 kilogrammes in Italy to 159 in Denmark and 199 in Ireland. Consumption of coffee in the Netherlands is about twice the level in Italy and France. Consumption of wine varies from 8 litres per head in the U.K. to 92 litres per head in France.

Such differences indeed point to fundamental differences in the patterns of consumption in the different EU-countries.

Factors in the Consumer Decision Process

A marketer is not only interested in consumption levels of product classes as such, but also in the consumer decision processes that ultimately lead to the purchases of specific products and brands. We have information on a number of factors appearing in the consumer decision model of Figure 2.

Families and Households

One of the basic elements that influences consumer buyer decisions is family structure. Table 3 provides information about numbers of families and average family sizes in the EU-countries.

In consumer research there is a tradition of studying the role of different persons in the household in the decision making process with respect to the purchase of goods and services. It is likely that there are differences with respect to family structures and decision processes among the European countries. There has been some cross-cultural research on this topic (see Robertson et al., 1984, p. 468-471), but to our knowledge no comprehensive comparative studies with respect to the EU-countries. This would constitute a very interesting area of research though.

The numbers in Table 3 on the possession of specific household appliances, give some information about the way the household activities are carried out. Here we see considerable differences between the different countries.

Consumer Values and Lifestyles

As Figure 2 indicates, consumer values are important since they guide attitude formation and ultimately consumer choice behavior. We have some comparative statistics for European countries here.

TABLE 2. Consumption Per Capita (kg) of Selected Commodities (product classes) in EG-Countries*

	beef & veal	pork	sheep poultry	eggs	fresh dairy products	butter cheese	cereals potatoes	sugar	vege- tables	fresh fruit	citrus	coffee**	wine**			
1 Belgium	25	45	2	15	14	86	9	11	72	103	35	86	49	17	--	--
2 Denmark	13	53	1	10	15	159	8	12	72	65	43	60	381	10	--	--
3 W-Germany	23	59	1	10	17	87	7	14	73	73	36	73	85	26	74	21
4 Greece	22	20	14	16	12	67	1	21	110	83	26	197	75	89	--	--
5 Spain	--	--	--	--	--	--	--	--	75	97	28	162	67	16	34	61
6 France	32	38	4	17	15	98	10	20	81	74	36	113	60	18	51	92
7 Ireland	24	34	6	16	13	199	12	4	90	127	44	85	30	15	--	--
8 Italy	26	27	2	18	12	81	2	14	118	38	29	127	68	34	44	90
9 Luxembourg	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
10 Netherlands	19	41	0	13	12	133	4	13	60	87	38	94	64	82	97	--
11 Portugal	--	--	--	--	--	--	--	--	103	84	28	114	35	13	--	76
12 United Kingdom	21	24	7	16	13	130	5	6	77	106	36	80	46	13	24	8

* Source: Landbouwcijfers LEI (Agricultural Economics Research Institute), The Hague, 1987

**Source: Jeannot & Hennessey (1988, Chapter 6)

TABLE 3. Selected Statistics on Households, Ownership of Household Appliances and Abilities to Speak Different Languages in the EG-Countries

	Number of households (millions)		No. of persons per household		% of household possessing					% of adults who speak					
	1986	1985	1986	1985	Fridge	Freezer	Dish-washer	Microwave oven	English	French	German	Italian	Spanish	Dutch/Flemish	
Belgium	3.6	2.9	97	57	20	7	71	26	22	4	3	68			
Denmark	2.1	2.3	-	-	-	-	5	48	1	1	1				
W-Germany	25.3	2.43	95	59	31	7	12	100	2	2	3				
Greece	-	3.19	-	-	-	-	-	-	-	-	-				
Spain	-	2.70	98	5	9	1	-	-	-	-	-				
France	20.3	2.70	97	42	29	6	100	11	8	13	1				
Ireland	0.85	4.05	-	-	-	-	12	2	1	1	0				
Italy	18.5	2.98	99	22	21	2	27	6	100	5	0				
Luxembourg	-	2.81	-	-	-	-	-	-	-	-	-				
Netherlands	5.3	2.59	99	43	-	2	16	61	2	2	100				
Portugal	-	3.24	-	-	-	-	-	-	-	-	-				
U.K.	21.0	2.67	97	45	4	29	16	9	2	3	1				
Year statistics refer to	1986	1985	1986	1986	1986	1986	1985	1985	1985	1985	1985	1985	1985	1985	1985
Source	a	b	c	c	c	c	a	a	a	a	a	a	a	a	a

Sources: a. Gallup survey, adapted from Jeannot & Hennessey, 1988, p. 436

b. Dawson & Burt (1988), The evolution of European retailing, Univ. of Stirling, p. 46 (original source: Euromonitor/Eurostat)

c. Dawson & Burt (1988), The evolution of European retailing, Univ. of Stirling, p. 46 (original source: AGB/Europanel)

First we give results from a cross-cultural study, organized by the European Value Systems Group, who interviewed 12,000 respondents in 10 European countries (Harding & Phillips, 1986). Table 4 gives their results with respect to personal values, obtained by asking the respondents which qualities should be encouraged in the education of children.

It is clear that there are considerable differences in educational values among the different countries. In the table the countries with the most \bigcirc and/or \square scores are the most 'extreme.' In the Netherlands people seem to be the most middle-of-the-road. Denmark has many 'extreme' scores: low for self-control, obedience, hard work, determination and patience but high on responsibility. The U.K. has the largest number of high scores: tolerance, good manners, obedience, unselfishness and patience. In the former West-Germany, leadership capabilities are rather important.

Specific European consumer value studies for marketing purposes have been scarce, with some notable exceptions, for example Boote (1982).

Internationally operating advertising agencies and market research companies are recently developing lifestyle classifications which can be applied to consumers in different countries. One of the purposes of such a classification system is to find similar groups of customers in different countries. Such an analysis could be the starting point for TransEuropean market segmentation. Although such Europewide lifestyle classification instruments are only recently being developed, we can give summary results of an example such as endeavor.

This is the so-called Four-C classification system ('Cross Cultural Consumer Characteristics') developed by the European branch of Young & Rubican.

The Four-C method has seven categories of consumers (see Table 5). The theoretical basis of this classification system is found in the well-known schemes of Riesman and Maslow. Also elements of VALS can be traced.

In fact the seven groups are a more detailed partition of three broader groups. The numbers (1) and (2) of Table 5 are more or less comparable to Riesman's 'tradition directed' and the VALS category: 'need driven.' Number (3) to (5) are comparable to Riesman's 'other-directed' and VALS: 'outer-directed'; (6) and (7) are the 'inner-directed.' From the adjectives given in Table 5, the reader will get some intuitive idea about the characteristics of the seven groups.

Table 5 shows considerable differences among the seven EU-countries. For example the former West-Germany is relative high on mainstreamers and low on reformers, whereas Denmark is low on 'need driven' ((1) and (2)) and high on 'inner-directed' ((6) and (7)) consumers.

TABLE 4. Qualities Esteemed to Be Important in the Education of Children in Different EC-Countries*

	Country									
	EU	FR	UK	WG	IT	NL	DK	BE	SP	IR
honesty	73*	76	79	74	77	79	76	70	47	73
tolerance	51	59	62	42	43	57	58	45	44	56
good manners	49	21	68	42	55	59	49	47	54	65
responsibility	46	39	24	63	46	55	63	37	63	22
politeness	35	51	27	29	37	42	51	48	20	23
loyalty	32	36	36	22	43	24	24	23	29	19
self-control	29	30	33	30	20	34	12	30	37	31
independence	27	16	23	47	23	27	55	20	24	30
obedience	25	18	37	16	27	23	14	28	30	34
hard work	23	36	16	22	13	14	2	33	42	24
thrift	21	32	9	31	19	17	15	36	11	15
determination	19	18	17	27	17	16	11	21	13	10
religious faith	17	11	14	17	22	14	8	17	22	41
unselfishness	15	23	40	4	2	9	23	14	4	22
patience	14	10	16	14	16	15	9	13	15	12
imagination	13	12	11	14	8	11	11	8	24	8
leadership	10	2	4	32	3	4	2	6	8	7

* Source: Halman et al.: *Traditie, secularisatie en individualisering*, Tilburg University Press 1987, p. 342, see also: Harding & Phillips (1986), p. 20, 21.
In the table: % of respondents that find the specific quality important.

- = lowest score for the quality
□ = highest score for the quality

TABLE 5. Distribution of Consumers over 7 Lifestyle Categories of the Four-C-Classification in Seven EC-Countries (percentages)

	(1) Resigned poor (survival)	(2) Struggling poor (escape)	(3) Main- stream (security)	(4) Aspirers (status)	(5) Succeeders (control)	(6) Transitionals (individuality)	(7) Reformers (self-fulfillment)
W. Germany	11	5	46	11	16	10	2
Italy	8	3	40	18	12	13	6
Spain	8	7	30	13	17	12	13
France	14	9	33	18	7	10	10
Denmark	4	4	32	11	6	15	28
The Netherlands	7	11	44	19	6	4	9
United Kingdom	11	13	40	9	12	7	8
Average 7 countries	9	7	38	14	11	10	11

Source: PMSVW, Y&R Amsterdam
 ○ = lowest percentage in the group
 □ = highest percentage in the group

Of course, such classification systems need further development and validation. It is important that these efforts are being made. For market segmentation across national borders these types of instruments are indispensable.

Finally, a word about language. Language is a very important element of culture. We use language to express our thoughts and beliefs. It is even hypothesized that an individual's perceptions, understanding and relationships are determined by the structure of language (Robertson et al., p. 569). Language differences are very large within Europe. With a few exceptions each country has its own mother's tongue. The right half of Table 3 gives some information about the language speaking abilities in Europe. It is clear from this table that we are far from a situation with a common 'lingua franca' spoken by the majority of the people in all EU-countries. This language factor is a tremendous barrier to standardized marketing communication program in the various EU-countries.

Fundamental Differences?

The preceding data about consumer values and lifestyles show clear differences between the EU-countries. However, do these differences point to a fundamental disparity in value systems and lifestyles in the several European countries? No final answers can be given. Some authors (i.e., Harding and Phillips, 1986, p. 213) conclude that the "underlying structure of values is remarkably unified, demonstrating at a number of points an internal logic which clearly transcends national and linguistic boundaries." One of the main findings that led these authors to this conclusion is the fact that the factor analyses of responses revealed consistent and interpretable interrelated patterns of factor structures, even when the analyses were conducted for each country separately.

The resulting factor structures were very similar over countries. Obviously, the structure of values is the same, but the scores on the individual items differ from country to country. According to Harding and Phillips "such homogeneity at the structural level seems likely to reflect a shared cultural inheritance. . . . 'European civilization' or 'European culture.'" In this view the differences between different European countries should not be over-accentuated.

A Homogenization Process?

Beside the level of homogeneity/heterogeneity at this moment, an interesting question is whether or not a homogenization of cultural values,

consumers wants and preferences take place. A possibility to throw light on this issue would be to study tables such as Tables 4 and 5 for different points in time. Unfortunately we are not in the happy position of having such time series data on European values and lifestyles. It is doubtful whether such data exist at all. So we have to turn to other sources.

Maybe we can learn something from unification processes that have taken place in specific countries earlier in history. As our first 'case' we take the authors' own country: the Netherlands. Although many outsiders would suspect that this small country has always been a tightly-knit unified state, the opposite is true. Before 1800 what is now one country was a federation of 'Seven United Netherlands.' At that time there were large differences in language, culture, education, occupation and religion among the different states. Later these states received the much less autonomous status of province.

Knippenberg and de Pater (1988) describe the development from the federation of rather diverse 'Netherlands' into the present unified country. They conclude that on one hand a process of homogenization has occurred, where elements of regional culture gave way to a national culture, dominated by the culture from the former state of Holland, the Western part of the Country. The Holland (Dutch) language also became the official standard all over the country. On the other hand there has been a counter-movement; in a kind of dialectic processes, the nationalization tendency has caused regionalization, for example, in broadcasting: a tendency into the direction of many different regional and local stations is observable.

Knippenberg and de Pater show that infrastructural and economic integration went at a higher speed than cultural and mental integration. Also, people still tend to stay where they are born and the majority of the daily newspapers in the Netherlands is still regional. Outside the Randstad (the former state of Holland), only 20% of the households reads a national newspaper.

Another interesting notion from Knippenberg and de Pater is that only a subgroup of the population takes part in the modernization process of integration and enlargement of scale. This subgroup is called the 'socially mobilized population.' Indicators for belonging to this group are: urbanization, literacy, newspaper reading, listening to the radio, going to the cinema, etc. In analogy, there will probably be only a limited number of 'Europe-mobilized people' in the different EU-countries.

Of course the unification process of the Netherlands can not directly be transmitted to the unification of Europe. Nevertheless, it is striking that cultural integration has taken so long and is still incomplete. This is even

more surprising since in the Netherlands the adoption of a common language took place very early in the process.

Our second 'case' is North America, especially the United States of America. To many this country, famous for its 'melting pot' philosophy, is the ultimate example of a homogeneous country. One finds the same types of hotels, shops, fast food restaurants, etc., all over the U.S. The country does not have cultural differences shaped by many centuries of isolated development that inhibited communication and exchange between different regions.

However, there are indications that the differences between regions are increasing instead of diminishing. In a provoking book Garreau (1981) developed his thesis of 'The Nine Nations of North America.' According to this view, North America is not a continent with three nations (i.e., Canada, U.S.A. and Mexico) but consists of 9 different cultural entities of which the boundaries are often quite different from the official national and state boundaries. Garreau comes up with appealing names for his 'nations,' e.g., Foundry, Dixie, Ecotopia, etc.

Another indication for cultural differences within the U.S.A. is the study by Kahle (1986), who found significant differences in values between different regions of the U.S.A. according to the Bureau of Census partition.

From these cases one can learn that there is not a universal one-direction movement towards increasing consumer homogeneity, but that there is a kind of dialectic process. As a reaction to the decreasing emphasis on national differences in Europe, regional differences probably become more important. Perhaps the cities and their surroundings which were so important in Europe in the Middle Ages will see a come-back, now under the more modern term of conurbations.

SIMILARITY OF MARKETING INFRASTRUCTURE

Retailing

As indicated in Figure 2, one of the most important situational factors that influence consumer behavior is the distribution environment, more specifically the shops where consumers make their purchases, i.e., the retail environment. Some information about grocery shops in the EU-countries is presented in Table 6.

It shows that there are huge differences in retail density: the number of points of sale per 1000 inhabitants ranges from 0.75 in the Netherlands to 4.01 in Portugal. Furthermore, it is shown that the shootypes are quite

TABLE 6. Information About Grocery Shops in the EC-Countries*

	Total number of shops	Hyper-markets	Super-markets	Self-service shops	Traditional shops	Points of sale per 1000 inhabitants
Belgium	15418	81 (1) ^a (17) ^b	1483 (10) (60)	2930 (19)(12)	10924 (71) (11)	1.56
Denmark	6000	—	1100 (18)	4900 (82)		1.18
W-Germany	80000	383 (0) (12)	42857 (54) (48)	14450 (18) (22)	21270 (27) (18)	1.31
Greece	27696	—	1273 (5) (56)	2412 (9) (11)	24011 (87) (33)	2.80
Spain	113636	66 (0) (16)	1485 (1) (19)	16983 (15) (5)	95102 (84) (60)	2.96
France	76050	589 (1) (39)	5826 (8) (45)	6653 (9) (7)	62403 (82) (9)	1.39
Ireland	8611					2.53
Italy	161954	—	2059 (1) (30)	13943 (9) (17)	145952 (90) (53)	2.84
Netherlands	10740	40 (0)	9200 (86)		1500 (14)	0.75
Portugal	40457	—	2025 (5)	(34)	38472 (95) (66)	4.01
United Kingdom	50500	396 (1) (23)				0.90

Figures in brackets are shares of the shop type to which it refers.

(a) The figure to the left is the share in the total number of shops.

(b) The figure to the right is the share in the total turnover of all grocery shops.

* Source: Saatchi & Saatchi: Compton (1986).

Figures refer to one of the years 1984 to 1986.

different in the different countries: in Greece, Spain, France, Italy and Portugal the traditional shops constitute over 80% of all shops, in West-Germany and the Netherlands their share is under 30%. Perhaps more significant are the shares of the different shoptypes in volume (turnover). For example in Belgium hypermarkets and supermarkets together represent 11% of all shops, nevertheless they represent 77% of total retail volume. For France these figures are still more extreme: 9% of all shops (hypermarkets and supermarkets) account for 89% of retail volume.

These big differences in shopping environment have a major impact on

consumer behavior. In a traditional shop for example there is much less confrontation of the consumer with the products and henceforth with alternatives for his planned choice (impulse buying). Also in a traditional shop there are few possibilities for point-of-sale material, displays, product demonstrations, etc. This limits the instruments the marketer has for influencing consumer choice.

Behind a scattered pattern of retailing points usually lies a more scattered pattern of parties a manufacturer has to deal with in getting his products on the retail shelf (wholesalers, head offices of chains, etc.). This has consequences for the way the marketing and sales organisation should be set up. For instance in the Netherlands, an example of a highly concentrated retailing system, the four biggest chains together represent about 50% of all grocery turnover. So a relatively small number of 'account-executives' are responsible for the bulk of the sales volume. In a country with a very dispersed retail pattern this is quite different.

Media and Advertising Environment

Figure 2 shows that consumer decision making is heavily influenced by stimuli from the outside world: commercial and noncommercial stimuli. Important carriers of these stimuli are the media: print media, radio and TV to mention the most important ones. Newspapers are present all over the world and the penetration of radio and TV also is practically complete in the sense that almost 100% of all households have radio and TV (Douglas & Craig, 1983, p. 10). With respect to the intensity with which these media are used for advertising Table 7 gives information.

We see that not only the absolute levels of advertising spending vary heavily from country to country, but that advertising intensity per capita also differs a great deal. Based on advertising/capita it can be concluded that consumers in Denmark, West-Germany, the Netherlands and U.K. are much more heavily exposed to advertising than consumers in Portugal, Greece, Italy and Ireland. Further we see considerable differences in allocation spending over media.

For an explanation, legal and institutional factors have to be taken into account. For example, the low figures for TV advertising in Denmark, Belgium and the Netherlands, have to do with the nonexistence of TV or radio advertising in Denmark and in Belgium, (until January 1, 1989; the Belgians made use of the commercial station Luxemburg though) and the limited amount of TV-advertising capacity in the Netherlands (the latter limit has been lifted substantially now). Some countries such as Greece, Ireland and Portugal, with low absolute levels of advertising have a surprisingly large share of TV-advertising.

TABLE 7. Advertising Expenditures and Allocation over Media in the EC-Countries*

	Total advertising expenditure (million Ecu's)	Advertising expenditure per capita (Ecu's)	printed media (%)	TV (%)	Radio (%)	Cinema billboards, etc. (%)
Belgium/Luxembourg	633	62	68	13	1	17
Denmark	664	130	96	0	0	4
W-Germany	6825	112	81	10	4	5
Greece	159	16	40	53	7	0
Spain	2306	60	50	32	13	5
France	4508	82	59	19	8	14
Ireland	159	44	43	36	11	9
Italy	3089	54	42	49	4	5
Netherlands	1749	121	83	10	2	4
Portugal	99	8	27	54	13	6
United Kingdom	7620	135	61	33	2	4

* Source: The Advertising Association London 1987, taken here from Adformatie Bureau Bijlage 1989.
The data refer to 1986.

The Impact of European Union on the Marketing Infrastructure

The effects of removing the barriers between the EU-countries are most relevant for the market infrastructure factors. We discuss them following the elements of the marketing mix.

Product

In terms of marketing, the 'product' is more than just the physical good: it also implies packaging, servicing, branding, delivery and installation. Beside regulations on package-information, the European Commission's proposals predominantly focus on just the physical aspect. The two most important regulation areas with direct consequences for a firm's physical products are: technical harmonization and the regulation of competition. The first deals with the current differences between the Member States with respect to product standards, health, safety and environmental standards. Famous in this respect was the German 'purity' law prohibiting the

sale of beer brewed in other countries than Germany. The number of these so-called 'non-tariff barriers' is very high: over 200 according to the Cecchini report and it has increased since 1970. Proposals of the Commission were and are aimed on reducing the unnecessary national protections.

The national legislations are relatively detailed for health-sensitive products such as food and pharmaceuticals. Here the rules under which a product is allowed to the market can vary a great deal. For pharmaceuticals the national regimes differ completely from one country to the other. (For the latter category, see De Wolf (1988).)

For product policy also the protection of products and brands under the still national patents laws deserves attention. For example to register a brand a registration is needed for each EU-country separately. Belgium, the Netherlands and Luxemburg have a common Benelux regime since 1971. The help of specialized trademark agencies is indispensable here (Markgraaf 1988).

Price

Important for a marketer's pricing decisions is the removal of fiscal barriers, like VAT and duties, from across the Member States. Frontier controls enabled the direction of VAT payments and incomes to the consuming country. Since January 1, 1993 most of these frontier controls have been removed. Europe has harmonized the taxation-systems among the countries. The aim is not to reach one uniform system of taxes and duties. With respect to the VAT, the Member States will be free to fix their own VAT-rate within a band of 14-20% for the standard rate and 4-9% for the reduced rate.

Distribution

Distribution of goods and services through Europe will be dramatically affected by the removal of administrative barriers. The welter of papers and checks processed at country frontiers used to be a nightmare for exporters and transporters. Starting in 1988 the majority of the separate forms have been replaced by the 'Single Administrative Document,' which regulates transport much more efficiently. Also intra-community transport regulations will be changed. A 'common transport policy' is aimed at avoiding local quotas and allowing hauliers to operate in freedom throughout the common market. Last but not least, the intention is to deregulate all modes of transport. For instance, air travelling within Europe is priced too high as compared to flights with a destination outside Europe. This is caused by mutual agreements between the Member States. For all modes of transport the level of competition is likely to increase, resulting in cheaper distribution of goods and services.

It should be noted that it will take time to reach the full advantage of

distribution in a large EU. Distribution networks often have been established over a long period of time and are much dependent on long-standing personal relationships between members in the various channels. Dealing in international networks will take time to develop. Moreover the infrastructure of railways, roads and waterways has been shaped by the national needs: a region use to be connected with the major centers in the own country. To take advantage in a physical distribution sense from the greater Europe, new developments, such as the Channel Tunnel and the Trans-Europe TGV, are very important.

Promotion and Advertising

Marketers can make use of a variety of promotion tools, such as advertising, sales promotion, publicity and personal selling. With respect to personal selling, door-to-door selling has been regulated already. Other regulations predominantly concern the advertising aspect, where pan-European broadcasting is one of the most frequently discussed topics. Motive for the emphasis on broadcasting (only a minor percentage of the total expenditure of firms on promotion instruments) is the appearance of direct television satellites. This new technology seems to enhance the Commission's goal of stimulating free circulation of programmes throughout the Community and coordinating national laws on advertising, sponsorship and the protection of young people. There is not much agreement among experts whether or not Satellite television will be a success in the near future: the current penetration of cabling in Europe is limited; the quality of programmes is perceived to be low and cultural and language barriers block the reach of the medium. Therefore, the incentive for a advertiser to go on satellite is still minor. Nevertheless, the discussion on this topic has speeded up the pace of regulating broadcasting. For instance, the minutage of advertising on television has been agreed to be 15% at the maximum. The regulation of tariffs will probably disappear, as will be the case with the Sunday-ban and the introduction of natural breaks is likely. This implies changes for advertising firms as well as advertising agencies.

From this discussion of the different marketing mix instruments, it is clear that the European Union will significantly increase the possibilities for more standardized marketing programs. However, it will also be clear that many of the changes will have its impact only gradually over time.

DRIVES AND HURDLES FOR COMPANIES GOING INTERNATIONAL

Many companies in European countries have been operating national up to now. What will make them go European?

Firms are not internationalizing just because of the fun of it. There are some driving forces contributing to the growth of a business, but there also are restraining factors, 'hurdles' for going abroad. The balance of 'drives' and 'hurdles' is continually shifting. Generally 'Europe' will cause the balance to shift in favour of internationalization. This does not mean, however, that for each individual firm the drives are strong enough to leap over the hurdles. In Figure 3 an overview is presented of the main driving and restraining factors influencing the process of Europeanization of individual firms. Drives as well as hurdles can be divided into two categories: Drives and hurdles from within the company ('internal'), inherent in the firm but to a certain extent controllable, and from outside the company ('external') which are only slightly or not controllable for the firm.

Some of those drives and hurdles are influenced by the coming changes in the EU. This leads to a change in the internationalization potential (balance of drives and hurdles) of an particular enterprise, but all depends on the company and the specific business it is operating in. Therefore, here we only briefly discuss the effects of 'Europe' on the driving and restraining factors in general.

When looking at the drives, one can expect that a more international oriented competitive environment will lead to at least a thorough discussion within companies with respect to their strategies regarding internationalization. Internal drives towards internationalization may be more prevalent when managements' prestige is at stake, non-local competing products are entering the market or when the stock of products becomes large enough to drive the firm to operating abroad. Naturally, also external drives are changing: There is no boundary on the dispersion of technology, there will be more opportunities to advertise internationally and probably more foreign trade intermediaries become interested in trading products all over the EU, as such an opportunity to internationalise.

As regards the hurdles, often the internal ones are the most difficult to overcome: limited management skills, difficulty in getting foreign ventures financed, lacking production capacity or, more importantly, lacking production flexibility. It seems that those internal hurdles will not spontaneously be changed to the good of such companies, but constitute more crucial weaknesses as foreign competition draws near. Regarding the external hurdles, without doubt some of those will diminish as the unification process goes ahead: Troubles with taxations and transportation will no longer be too worrying and foreign product specifications will be less hindering for adapting local products to the various markets in the Community. At the other hand some substantial external hurdles will remain or may even increase. Very often it is extremely difficult for a company to market its products to foreign countries because of history and habits. This does not only refer to differences in consumer buying behavior, brand

FIGURE 3. Drives and Hurdles for Going European

	Drives	Hurdles
Internal	<ul style="list-style-type: none"> * ambition * obsolescence * economies of scale * risk dispersion 	<ul style="list-style-type: none"> * org. capacities * political dependence * product modifications * financing and risks
External	<ul style="list-style-type: none"> * escaping local competition * subsidies * invading foreign competition * market pull * global technology * demand for quality * international communication * leverage 	<ul style="list-style-type: none"> * national regulations * transport barriers * market history * local competition * cultural differences

loyalty and shop loyalty. Foreign trade history is also a problem: One has to adapt to foreign trade cultures and to try to penetrate into foreign distribution channels (wholesaling and retailing). Moreover, as international competition will become more fierce, those hurdles will not diminish and will certainly not disappear.

Each individual company will have to draw up the balance of its internal and external drives and hurdles for internationalisation. Much is dependent on the type of product a company offers. For example industrial products are easier marketed at an international scale than fast moving consumer goods. And within the latter group non foods (e.g., detergents) because of their lower cultural content are more suitable for a Euromarketing strategy than foods (e.g., packaged meat). The outcome of the considerations will either push the company abroad or force the company to focus on local markets.

CONCLUSIONS AND RESEARCH AGENDA

Using a framework that incorporates notions from economics and consumer behavior, we examined the similarity of consumers in the different

countries of the European Union. There are tremendous differences in income levels, expenditure patterns and consumption levels of individual products among the EU-countries. Furthermore there are major differences in consumer values and lifestyles. However experts on cultural values think that at the basis there is something like a 'European culture.'

If a homogenization process among the countries in the European Union is taking place at all, from drawing historical parallels it becomes clear that this process is likely to be very slow and dialectic in nature.

With respect to marketing infrastructure there exist huge differences in distribution systems, especially at the retailing level. Also large differences exist in the advertising and media environment.

To refer back to the title of this paper, these findings imply that one standardized marketing approach for the whole EU is still a far away perspective for most manufacturers.

Also we found that there are several other hurdles (apart from heterogeneity in customers) for companies that want to go European.

Nevertheless it might well be that it is more the supply side (i.e., manufacturers, retailers) than the demand side (autonomous cultural homogenization) that will ultimately produce the 'European Consumer.' Infrastructural and economic integration usually occur at a higher speed than the cultural and mental integration of consumers. Signs that companies increasingly take a Euro-wide approach (without necessarily adopting one standard marketing policy) are visible all over Europe.

From this paper it is clear that the state of knowledge, in terms of conceptual/theoretical frameworks as well as in terms of facts and data on European marketing, is rather low. In the following we mention three research areas which are interesting and have an urgent need for attention.

First there is the topic of *cross-cultural analysis of European consumers in the various EU-countries*. As we have seen in this paper there are only a few studies at this moment that make an effort to compare consumer values and lifestyles in different EU-countries. Much more attention is needed for the theoretical basis of this type of analysis and a lot of work has to be done in the area of validation of lifestyle groupings, standardization (in content) of questionnaires, etc. Also the question whether or not a homogenization process among the consumers in the different EU-countries takes place should get proper attention. For that purpose comparative lifestyle and value studies at regular times intervals are needed. Furthermore reliable instruments for carrying out trans-European market segmentation have to be developed.

Other topics in consumer behavior have received some, but only scarce attention. Cross-European studies of family structure and its impact on household decision making, patterns of brand loyalty and its causes, refer-

ence groups and their impact on the consumption decisions of the individual, and the relative importance of various information sources for the consumer, to mention just a few. It is necessary that after the business companies also the academics take the European perspective needed to deal with the issues just mentioned.

A second area is *European brand strategies*. There is a normative and a positive approach here. With respect to the first, an interesting question is under which conditions it is recommendable to adopt Euro-branding instead of maintaining national brands?

A positive approach would deal with the observation, analysis and explanation of brand strategies actually followed by suppliers in the various Euro-countries. Starting from a framework as given in this paper, a theoretical model could be developed with the purpose to explain and predict Euromarketing strategies actually followed by companies, dependent on the industry, the size, the country and other characteristics of the firm. This will enrich our insights in the actual determinants of strategies and in the critical factors for success in the European arena. Also the concept of brand equity (i.e., the value of a brand to a company) gets a special dimension in the Euromarket context. What is the value of a 'Eurobrand,' compared to a set of different national brands?

Thirdly, the European marketing scene is an ideal source for *theory formation and testing for international marketing*. In this stage of development the field of international marketing predominantly has a prescriptive orientation: what to do, how to act, and which aspects to pay attention to when a company is entering other markets than its home market. There has not been much development in terms of specific concepts, theories, etc. Europe offers a natural laboratory where comparative analysis can be carried out on a large number of factors. This can contribute significantly to the body-of-knowledge of international marketing. One relevant topic is the relationship between country image and product image. Why is it that German products are perceived as strong in precision and Italian products as strong in design? Will these perceptions change as Europe gains more unity? Europe is an ideal field for such country-of-origin studies.

Of course this list of Euromarketing research topics is by far not exhausting. One other obvious topic is the effect of the extension of the EU with four member states: Norway, Sweden, Finland and Austria.

We hope that this article will trigger interest and lead researchers to European marketing topics. Many 'green pastures' are out there, as well as many fields 'ripe to be reaped.'

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