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Managing Local Adaptation and Standardization in the Execution of a Marketing Process in a MNC through Regional Headquarter

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Abstract

Title: Managing Local Adaptation and Standardization in the Execution of a Marketing Process in a MNC through Regional Headquarter

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Background and Problem: Multinational corporations play an important role when discussing and trying to understand globalization. The increase of worldwide operations and more complex markets have led to that the role of headquarters has changed and the need of headquarters at different levels in the organizations has increased. There are several factors within a multinational corporation contributing to challenges of balancing local adaptation and standardization when operating with multiple headquarters and subsidiaries spread across the globe. How the execution of the marketing process in a multinational corporation is affected by the organizational structure including multiple headquarters is yet relatively unexplored.

Purpose: The purpose of this study is to examine how local adaptation and standardization is managed in the execution of a marketing process on a regional and local level in a multinational corporation with multiple headquarters.

Methodology: For this study a qualitative research approach has been used and an exploratory study has been conducted. The empirical data has been collected through a single case study on a company in the fast moving consumer goods industry. The empirical material is based on semi-structured interviews with four respondents that all are involved in the execution of the marketing process and either is located at a local subsidiary or the regional headquarter.

Results and Conclusion: The findings of this thesis show that an organizational structure including multiple vertically aligned headquarters affect how local adaptation and standardization is managed in the execution of a marketing process. The results shows that regional headquarter plays an important role by having mandate to adjust advertising to their local markets but at the same time receive standardized materials to be used in the advertising. The findings also emphasise the importance of communication when having an organizational structure including multiple headquarters.

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Table of Abbreviations

BA - Brand Ambassador

BM - Brand Manager

CM – Category Manager

FMCG - Fast Moving Consumer Goods

HQ – Headquarter

ICP - Integrated Commercial Plan

IR - Integration and Responsiveness

KAM - Key Account Manager

KPI - Key Performance Indicators

MNC - Multinational Corporations

POS - Point Of Sales

R&D – Research and Development

RHQ - Regional Headquarter

SUB - Subsidiary

Key Words

Multiple headquarters, regional headquarters, headquarter, subsidiary, marketing process, marketing execution, standardization, local adaptation, organizational structure, IR dilemma

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1. Introduction

The introduction to this thesis aims to give a brief understanding of the examined subject. It begins with describing the background and emergence of multinational corporations (MNC) which leads to the problem discussion declaring some of the issues regarding global operations and earlier studies of them. Thereafter the purpose of this study is presented, followed by the research question, potential contributions and lastly delimitation.

1.1 Background

MNCs play an important role when discussing and trying to understand how globalization has affected the world market. Collaboration within an organization on a global, regional and local level and the change in challenges a MNC is facing as a result of the globalization is crucial (Richet, Delteil & Dieuaide, 2014). A global operating company has access to a worldwide market with great purchasing power and can achieve huge cost savings if centralizing and standardizing their operations. On the other hand the worldwide market has different preferences on a local level and that can for some companies can be vital to embrace in order to succeed (Richet et al., 2014). The complexity resulting in worldwide operations has led to that the role of headquarters (HQ) has changed during the last decades and a need of HQ at different levels in the organizations has arisen. Distribution of HQs can be done by for example establish regional headquarters (RHQ) that aims to co-exist within the organization (Ciabuschi et al., 2012). Moreover, Ciabuschi, Dellestrand and Holm (2012) describes that a modern MNC should be viewed as a network where functions, regions and offices on different levels constantly collaborates.

Because of the changed circumstances in the market and customer need, the marketing and communication within MNCs today have to face the challenge of balancing standardization, to achieve economy of scale and local adaptation, to meet the local customer's' needs (Kostova & Roth, 2002; Boojihawon, Dimitratos & Young, 2007; Ambos & Schlegelmilch, 2009). In an efficiency driven and seeking MNC, achieving economy of scale is of high importance and is commonly reached by centralizing functions and standardizing processes, production and communication (Ambos & Schlegelmilch, 2009; Kostova & Roth, 2002). In the marketing aspect other elements that stresses standardization in the issue of balancing global integration and local responsiveness is the fact that producing marketing material can often be extremely expensive. Likewise when aiming to build a global brand image the customer should recognize the product wherever they are in the world (Levitt, 1983). For a

MNC to be able to locally adapt their marketing material it is important for the company to have access to correct and accurate information regarding the local market. For example inserting RHQs that can provide the centralized functions with valuable local information can facilitate this. Zou and Cavusgil (2002) argue that it is up to the management to decide regarding if and how marketing should be locally adapted and how this can lead to synergies within the company and its regions.

1.2 Problem Discussion

There are several factors within a MNC contributing to the challenges of integration and responsiveness (IR), when operating with multiple subsidiaries and HQs spread across the globe. On one hand local preferences, unique market needs and cultural differences do to some degree require companies to adopt responsiveness, change and adapt locally. On the contrary economy of scale and its power of cost efficiency makes a global integration and standardized approach more favourable (Ambos & Schlegelmilch 2009). Research in the integration responsiveness duality's matter is broad and according to Kostova and Roth (2002) both dissimilarities in the institutional environment and the level of dependence, trust and identification in a relational context between HQ and subsidiaries are affecting the way subsidiaries adopts organizational practices given by the HQ. The study by Kostova and Roth (2002) includes a broad view of how institutional and relational differences between HQ and a subsidiary contributes to institutional duality. However it is also argued that the relationship between HQ and subsidiaries and different HQ levels influences the operations within MNCs (Ciabuschi et al., 2012). Narrowing down the institutional duality and putting it in a marketing context Vrontis, Thrassou and Lamprianou (2009) emphasize the duality between global standardization of processes and communication and local adaptation and customization. In line with Ambos and Schlegelmilch (2009) they argue that standardization is favourable when wanting to achieve economy of scale while adaptation aims to achieve local advantages. This study will take in consideration the institutional perspective of the IR dilemma, the managerial consequences of having multiple vertically aligned HQs and the global marketing theories. These global marketing theories are in a study made by Zou and Cavusgil (2002) merged, which can help us understand the duality further.

The above presented studies are all to some degree processing the IR dilemma created by the duality between local competitiveness and global scale economy on a dyadic level, which means taking only two subsidiaries into consideration. None of them are investigating what role a RHQ might play when facing the dilemma between standardization and adaptation in the marketing execution process for a company with worldwide operations and multiple HQs.

1.3 Purpose

The purpose of this study is to examine how local adaptation and standardization is managed in the execution of a marketing process on a regional as well as a local level within a MNC with multiple HQs. By tracing the marketing process from idea to execution and highlighting a RHQ on vertically aligned level and organizational structure the study investigates an unexplored field. This thesis will examine the latter stages of the marketing process to capture the discrepancy between global standardization and local adaptation on an executional level.

1.4 Research Question

How is local adaptation and standardization managed in the execution of a marketing process on a regional and local level within a multinational corporation with multiple vertically aligned headquarters?

For this thesis an exploratory study has been conducted on an anonymous company. The study is based on a qualitative research approach. The empirical data has been collected through a single case study at one of the Company's Product Category. The material is based on semi-structured interviews with four respondents that all are involved in the marketing execution process and either is sited at a local subsidiary or the RHQ.

1.5 Contributions

This study has potential to contribute to both the academia within the IR dilemma theory and provide insights to MNC concerning its marketing process when operating with multiple HQ. The potential contribution is presented below.

1.5.1 Potential Theoretical Contribution

In previous research the IR dilemma has been investigated in several studies and is taken in consideration with a dyadic approach. This study investigates the marketing execution process of a MNC and considers how the relational and institutional effects affect the processes. It also includes effects occurring when having multiple HQs. Taking these aspects in consideration while researching the institutional duality enables a greater understanding of the IR dilemma and what factors simulating it. By having former studies and conclusions as initiatory this study will continue the IR dilemma research in marketing process including RHQ, which is a yet relatively unexamined area. This study intends to extend the understanding of the IR dilemma in a MNC with multiple HQ but also how it can be exposed in the marketing execution process.

1.5.2 Potential Managerial Contribution

After investigating the execution of a marketing process in a MNC and taking various theories in consideration this study anticipates providing the managers with answers regarding their internal process. The research aims to help them overview where in their operations with multiple HQ the process of creating marketing communication and executing it problems most likely can occur and hopefully contribute to efficiency in their future decision-making and leadership. The results and conclusions can be useful when evaluating and developing forthcoming marketing execution processes in MNCs.

1.6 Delimitation

In this thesis there are some delimitations related to the study. The thesis is based on one single case study conducted at one MNC and based on one of the Company's Product Category. The RHQ is responsible for several product categories consisting of several brands. The study is based on semi-structured interviews with four people involved in the product categories marketing execution. The respondents are employed at the local subsidiaries or the RHQ. This means that no representative at HQ level has been interviewed. For that reason the HQ perspective described by someone located at the HQ is missing.

This study is as mentioned earlier based on a single case study. It can therefore be argued that it is incorrect to generalize findings based on one single case study of one product category. The statistical findings may not be representative for all (Saunders, et al., 2009) MNCs as explained in the discussion of the quality of the study in section 3.6 Research Quality. It is in this case important to remember that this thesis is to studying one Company's Product Category management of local adaptation and standardization in the marketing execution process when having a RHQ. Since a single case study is being conducted the analytical findings might be industry related since the study only explores one MNC in one industry.

The choice to examine the execution of the marketing process with multiple HQs was because it narrowed down the scope of the study as well as it is a vaguely researched field.

Moreover, the authors of this thesis were given the opportunity to examine this phenomenon at an operating MNC.

1.7 Disposition of the Thesis

This thesis contains 6 chapters. First the introduction and then the following chapters: theoretical framework, methodology, empirical material, analysis and conclusion.

Introduction – The introduction includes a short background and a problem discussion to inform the reader of the current situation and some general information as well as motivate why these topics are being studied in this thesis. The purpose with the thesis and the research question is also presented. Moreover, potential theoretical and managerial contributions are discussed as well as delimitations.

Theoretical Framework – In this chapter theory concerning the IR dilemma, the IR dilemma in a marketing context, organizational structure and multiple HQs is presented.

Methodology – This chapter explains and motivates the methods that have been used to conduct this thesis. It also includes a description of the research process and an explanation of how the empirical material was collected and the analysis process.

Empirical material – In the empirical material chapter the results of the interviews conducted with the employees at the Product Category is presented.

Analysis – In the fifth chapter the collected empirical material is merged with the theoretical framework in order to analyse the findings.

Conclusion – In the sixth and last chapter of this thesis the conclusions are presented based on the findings from the analysis. The research question is answered and theoretical and managerial contributions presented. Lastly, suggestions for further research are presented.

2. Theoretical Framework

Multinational operations are for a company alienated with a dispute about emphasizing global integration or local responsiveness (Kostova & Roth, 2002; Boojihawon, Dimitratos & Young, 2007; Ambos & Schlegelmilch, 2009). This duality is called the integration and responsiveness dilemma. The IR dilemma is as said earlier requiring the MNC to take an active standpoint regarding how to balance local adaptation and standardization. In this chapter we will start with a presentation of the IR dilemma on an institutional and relational level. Thereafter the appearance of the IR dilemma in a marketing context will be explained and lastly the role and effect of RHQ within a MNC is discussed.

2.1 IR Dilemma

In a research made by Kostova and Roth (2002) the IR dilemma is studied as being essential in the adoption of an organizational practice by subsidiaries of MNCs. Based on answers from over 500 managers and 3000 subordinates they bring forth two different factors affecting the degree of adaptation of corporate practices; the *institutional* and *relational* context.

Dissimilarities in the institutional context, such as legislation, culture and religion often leads to different management practices in the involved countries. Similarities on the other hand are easing for resemblance and host country responsiveness. The institutional environment is by Scott (1995) explained by regulatory, cognitive and normative components. The regulatory component considers the legislation and regulations on a national level creating and promoting specific behaviours and lifestyles. The cognitive component reflects the established social knowledge and stereotypes that people in the country categorizes after and accept. The normative component comprises the assumptions, norms and values of the individuals. The institutional context enters into force by the employees in the involved countries, through them practices are being evaluated and considered with different outlooks and influences. It is argued that a higher level of institutional resemblance between HQs and subsidiaries is beneficial for the implementation of a HQ driven practice (Kostova & Roth, 2002).

Since the institutional context is nationally conditioned it is of high importance to understand the relational context that links the subsidiaries together. This is important because of the national differences that affect the way foreign subsidiaries interpret and implement practices from HQ. Relational context is frequently characterized by dependence, trust and identity (Nahapiet & Ghoshal, 1998; Rosenweig & Singh, 1991; Tsai & Ghosal, 1998; Kostova & Roth 2002). Dependence reflects the relationship between subsidiaries and HQ and the perceived reliance by the subsidiary. A higher degree of HQ dependence is argued to affect execution on subsidiary level negatively and can be explained by the loss of freedom the host country needs in order to adapt the practice locally. The level of trust between the subsidiaries is defined by subsidiaries persuasion that the HQ is acting honestly and morally. Trust means higher level of implementation and can reduce cost of communication. Identity is explained as the employees' attitude towards and attachment to the HQ. A high level of identity is positive for implementation and reduces the "not-invented-here" syndrome where practices are being perceived with resistance (Katz & Allen, 1982).

2.1.1 Marketing in the IR Dilemma Context

Standardization, configuration-coordination and integration perspective are major perspectives of global marketing strategy and are historically researched separately (Zou & Cavusgil, 2002). First, Vrontis, Thrassou and Lamprianou (2009) describes the standardization approach as based on the objective economy of scale, which enhances the opportunity companies with worldwide operations have in increasing efficiency by scaling up their production and support function, which is in line with what also is argued to be the benefits according to Ambos and Schlegelmilch (2009). Other factors making global integration attractive are the possibilities of placing value-adding operations in areas where they can profit most from prevailing laws and regulations. An argument that supports the global integration perspective is the perception of a global consumer with an independent preference for receiving advertising separated from its nation. An advantage with standardization is according to Levitt (1983) the possibility to create and maintain a global brand, using only one strategic approach and eventually treating the whole world as one market. Following this approach enables the company to centralize key functions such as research and development (R&D), marketing and finance and use the same outputs on a global market (Kostova & Roth, 2002). An example of this advantage is Coca-Cola's marketing spending which is as low as 0.02 cents per soda compared to other smaller regional competitors having a spend on about 0.15 cents per case (Ambos & Schlegelmilch, 2009).

The second perspective mentioned in the study by Zou and Cavusgil (2002) is the configuration-coordination approach, which is about creating comparative advantages by specialization and synergies between functions within an organization. The perspective is focusing on configuration of marketing activities within the company in order to maximize the efficiency of each and every activity by taking advantage of local resources. For example it might be most beneficial to have R&D located in one market but having the after-sales-service in another. Information sharing and economy of scale are being achieved by cooperation and coordination between different functions spread across country markets and creates synergies between them. Figuring out what key factors and competitive advantages each country market has and how every market can benefit and contribute to synergies between functions is crucial for companies wanting to be competitive on the global market (Craig and Douglas, 2000). Craig & Douglas (2000) argues that in order to succeed with a configuration-coordination approach where resources are being utilized to its maximum, a communication system facilitating for information sharing is required.

The third perspective is the integration perspective that aims for adaptation and achieves local competitiveness through local knowledge and expertise. Adapting advertising, commercial and communication material can be of high importance in order to succeed in the targeted market (Vrontis, Thrassou & Lamprianou, 2009). Customization is dependent on local responsiveness and can by changing products and advertising enable companies to at a greater extent satisfy the consumer and its specific need. For example McDonald's and other fast-food chains offers "halal" meat in their restaurants in Muslim countries and also changes their menus to make local adaptations and serve their customers needs (Ambos & Schlegelmilch, 2009). Adapting products to the local customers' preferences and needs an also be seen as mandatory for a MNC when trying to become isomorphic with the targeted regions (Kostova & Roth, 2002).

According to Vrontis, Thrassou and Lamprianou (2009) the extreme perspectives of global marketing strategy and the perception that a MNC to some extent has to adapt to only one of these perspectives are rejected. Zou and Cavusgil (2002) have in their study developed a conceptual model of the global marketing strategies and argue that management should be able to choose elements from the different approaches. The authors argue that it is up to the management to decide to what extent they want to standardize products or promotion, in what countries they decide to go local and how regions can obtain synergies. Global integration and local responsiveness are each other's opposites but are argued by Ambos and Schlegelmilch (2009) both to be important influencers to a MNC's success. This duality in strategy is creating a dilemma for the MNC and is being approached differently by utilizing different organizational structures.

2.2 Relationship within the MNC Organization

The relationship between HQ and subsidiary in a MNC is as stressed above crucial for how processes and practices are implemented throughout the organizations. Schütte (1996) states that RHQs have a strategic responsibility and that the largest challenge for RHQs is the balance between international integration and native obligations, ie. local adaptation.

According to Ciabuschi, Dellestrand and Holm (2012) the links and the relationships between different levels of HQs and subsidiaries should be viewed as a network. Further, it is stated that HQs can play different roles in a MNC (Ciabuschi et al, 2012). There are different approaches to which role a HQ should have in the organization; on one hand it can be argued that HQs should have definite decision authority and take a chief role within the company (Chandler, 1991). In contrast to this it can be argued that HQs should be viewed only as any other actor in the organization (Andersson, Forsgren & Holm, 2007). When discussing the relationship between HQs and subsidiaries it is important to take into consideration how dependent the two functions within the organization are of each other (Ciabuschi et al, 2012). A HQ can be dependent on the subsidiaries' knowledge regarding the local market and its condition and therefore they are highly influenced by the subsidiaries in their decision-making. On the other hand the HQ can lack understanding of the external factors that influences the local business, which results in that subsidiaries will not be participating in decision making (Ciabuschi et al, 2012). Ciabuschi, Dellestrand and Holm (2012) presents that there are several reasons for why HQs exists in a MNC; for efficiency reasons, resource reasons and knowledge reasons. Although it is important to be aware of that HQs role and function in an organization is more complex than ever (Ciabuschi et al, 2012).

Based on the different approaches a HQ can have Ciabuschi, Dellestrand, and Holm (2012) argues that multiple HQs can co-exist within a MNC and be vertically aligned. Depending on what function the HQs has it can be found at corporate level, regional level or even on subsidiary level (Ciabuschi et al, 2012). There are two types of roles the HQs can take on a regional level. The first type of HQ role is known as a subsidiary with regional management mandate (Ciabuschi et al, 2012). In this case the subsidiary has an innovative role within the MNC and is revenue-driven and gives some of its time and resources to perform RHQ administration. The second type is called regional headquarter and performs administrative tasks and resources to perform as a RHQ (Alfoldi, Clegg & McGaughey, 2012). According to Alfoldi, Clegg and McGaughey (2012) the main difference between the two types of HQ on a regional level is regarding responsiveness and commitment. The authors argue that the commitment and responsiveness that the RHQ has to the region cannot be achieved by a revenue-focused subsidiary with regional management mandate. The main purpose with a RHQ is to support different actions in the local subsidiaries within the region for example function and invention (Laudien & Freiling, 2011).

RHQ might increase the MNCs fixed cost but the contributions from the RHQs weigh up for these increased expenses (Laudien & Freiling, 2011). According to Laudien and Freiling (2011) the RHQ is closer to the market and can therefore collect information with higher quality than the global HQ, which can be beneficial and lower other cost segments. Also the authors argue that the information collected by RHQ are necessary and of high importance for MNCs when adapting to the changes due to a more global market but still to some degree needs to locally adapt.

MNCs are constructed of networks and within the networks knowledge and decision-making are distributed (Ciabuschi et al, 2012). When the HQ function is developing the long-term strategy (Chandler, 1991) input from the other units in the network can be beneficial (Mahnke, Ambos, Nell & Hobdari, 2012). Because of the competitiveness and globalization the RHQ input has become even more important. The RHQ connects the local subsidiaries with the MNC's global HQ and provides the HQ with useable knowledge and insight regarding the region (Mahnke et al., 2012; Schütte, 1996). Due to the need of native responsiveness, greater responsibility has to be given to the RHQ and local subsidiaries (Collis et al., 2012). Mahnke, Ambos, Nell and Hobdari (2012) has studied established RHQs and their relationship to the HQ, their result showed problems including RHQs opinions into the strategy process associated with knowledge allocation (Birkinshaw & Pedersen, 2010; Holm & Pedersen, 2000) and absence of HQs attention (Ambos et al., 2010; Bonquest and Birkinshaw, 2008). The authors argue for a bottom-up communication within the MNCs network to minimize the risk of missing out on valuable insights from the different levels in the organizations, which can be one way of addressing the IR dilemma.

3. Methodology

The previous chapters have discussed and explained the substance of this thesis by introducing some background information and the essential theory. This chapter will describe the methodology used to conduct this study. First, the chosen research approach will explain and validate. Second, the sampling will be presented and explained. Third, the research process will be explained and motivated. Fourthly, the chapter will discuss the data collection and explain how the empirical data has been gathered and analysed. In the end of this chapter a discussion regarding the reports quality and limitations is held.

3.1 Research Approach

This study is examining how local adaptation and standardization is managed in the execution of marketing in a MNC and how it is affected by an organization structure that involves multiple HQs. In literature this is vaguely explored area and therefore a qualitative research approach is most suitable. A deeper understanding of the subject and processes is of excessive importance, which is another reason for the chosen approach.

There are three different acknowledged research purposes: exploratory, explanatory and descriptive (Saunders, Lewis & Thornhill, 2009). Since this study is examining the relatively unresearched area regarding how local adaptation and standardization is managed in the execution of a marketing process in a MNC with multiple HQs the study is of exploratory nature. The chosen research approach for this thesis is useful when the intention is to obtain new insights or to understand a situation or an issue (Saunders et al., 2009). According to Cooper and Schindler (2011), the exploratory research is commonly used when studying an area that have not been researched or vaguely researched and the researchers have to learn something new regarding the topic or situation. The explanatory and descriptive studies are more useful when the study can be based on a broad range of already existing theory regarding the area. It is highly important to be adaptable and open for change when conducting exploratory research as the data that is being collected can give new insight, which might change the focus of the research (Saunders et al., 2009).

In this report an abductive approach will be used since this study examines the marketing execution process in a MNC and how it is affected by the relationship between HQ and subsidiary involving a RHQs. The abductive approach is a combination between the two approaches Bryman and Bell (2011) presents: deductive and inductive. The deductive approach is based on that the first source the researcher has is knowledge, and based on this knowledge, hypothesis are created and then empirical analysis is conducted to accept or reject the hypothesis. The inductive approach is, in contrast to the deductive approach when theories are a result of empirical studies. According to Bryman and Bell (2014) the contemplation with the abductive approach is to counteract the limitation associated with the inductive and deductive approaches and is founded in a pragmatist perspective.

First, the authors of this thesis report reviewed literature regarding the IR dilemma, the relationship between HQs within a MNC and marketing strategy. Second, the interviews were held with the respondents. After the interviews were held the authors had to review the literature again and supplement the theoretical chapter with new areas based in the information collected through the interviews. This back and forth between the collected data and theory is according to Saunders et al. (2009) and Bryman and Bell (2014) indicating that this report has an abductive approach. The study of this thesis requires that the authors are susceptible to new insight and changes which is aligned with Saunders Lewis and Thornhill (2009) motivation for an exploratory research approach and Bryman and Bell's (2014) guidelines for an abductive approach.

3.2 Single Case Study

This thesis is based on a single case study conducted at one of the Company's product categories in the Nordic market. The Company and the Product Category will be anonymous in this thesis. A Product Category consists of different brands within the same industry and the RHQ is responsible for several product categories within several industries. When deciding on sample size there are several factors that affect the decision according to Bryman and Bell (2014) such as cost, time and the strive for specificity. In this thesis the crucial factor when choosing sample size was specificity. In this thesis one organisation is being studied which according to Bryman and Bell (2014) defines this study as a single case study. The marketing process will be analysed to understand which factors that affect the marketing process when the organisational structure involves multiple HQs. To base this thesis on a single case study is motivated because it will give the authors a greater and deeper understanding (Fletcher & Plakoyiannaki, 2011; Stake, 1995) of how local adaptation and standardization is managed in the execution of marketing execution in a MNC with multiple HQs. Literature regarding an organizational structures involving multiple HQs at different levels in the organization is vague. Further, how the marketing execution process in a MNC is affected by an organizational structure with several HQs is a relatively unexplored area. That requires the authors of this thesis to obtain a deep and wider understanding of the studied phenomena and therefore a single case study has been conducted. Bryman and Bell (2014) explain that commonly one area of an organization is closely examined in a single case study, as in this thesis one Product Category. A single case study is in line with the choice of a qualitative approach for the thesis (Bryman & Bell, 2014). Although this study is based on one single case study it can be argued that the Product Category can represent a population (Bryman & Bell, 2014) since the Company has several product categories. All the previous mentioned reasons motivate this single case study as a purposeful sampling. Since the single case study was possible due to personal contacts the study can also be argued to be using a convenience sampling (Bryman & Bell, 2014).

3.3 Research Process

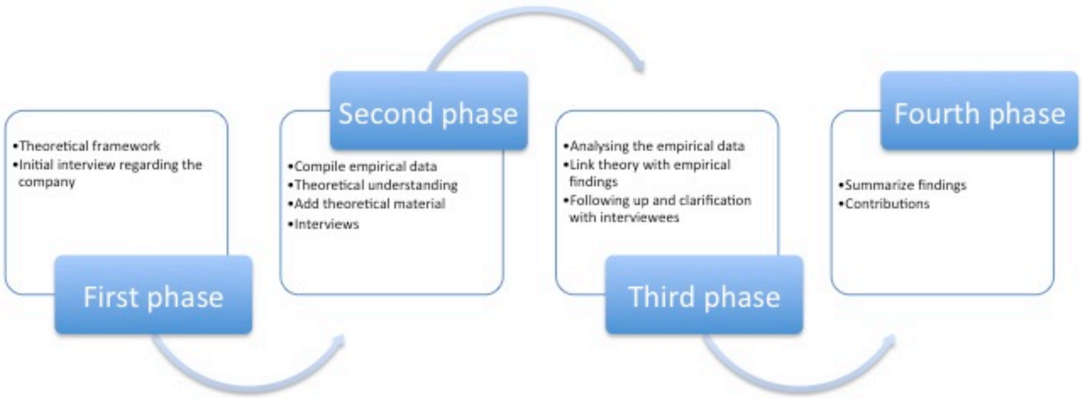
This subparagraph will explain this thesis research process and it is illustrated in figure 1. In the first phase, the authors reviewed existing literature for the theoretical framework. Organizational information was collected through an initial interview with the category manager (CM) to receive greater understanding of the organizational set up, marketing process and the Product Category from the Company's website and annual reports. Based on the information from the interview and the theory, the interview questions were created and the main topics of the questions compiled and sent to the interviewees.

In the second phase, the authors interviewed the respondents. Alongside the interviews, the authors tried to comprehend the theoretical framework and collect more theoretical material based on the insight from the empirical data, which is in line with the exploratory purpose (Saunders et al., 2009). After the interviews and after going through the transcriptions the authors received new insights, which lead to that the they had to review more literature.

In phase three, the authors analysed the empirical data as well as tried to connect the data with the theoretical framework. The analysis process will be described later in this chapter. During this phase e-mails were sent to the interviewees with following-up questions for clarification. This was necessary to guarantee that the empirical material reflected how the interviewees experience the marketing process. The information collected through the following-up questions was then integrated in the empirical material. By analysing of the empirical data and by applying the theoretical framework on the data the authors concluded findings related to the study's research question.

In the last phase, the findings were summarized in a conclusion. Based on the conclusion, contributions of this study were discussed as well as suggestions for further research since the study is examining a vaguely researched field. All of the steps have not been taking place in a logical order: instead several steps have happened alongside as new insights have occurred.

Figure 1 Illustrates the Research Process



Source: Author's own

3.4 Data Collection

For this thesis both primary and secondary sources have been used and in the following paragraph the data collection will be explained.

3.4.1 Primary Data Collection through Interviews

The foundation of the empirical data in this study is collected through interviews. The primary data is based on qualitative interviews conducted at the RHQ and over phone or Skype. In total, six interviews took place with employees from two different Nordic countries. The primary data is collected through semi-structured interviews and therefore the importance will be on words instead of quantifications of the data, which is in line with Bryman and Bells (2011) definition of a qualitative research strategy. According to Bryman and Bell (2011) the reason for why qualitative interview should be conducted is because the understanding of what it is that is important and relevant to the interviewee regarding the research subject will be more defined. Although Saunders, Lewis and Thornhill (2009) points out that one downside of using primary data for the data collection is that it can be expensive and time consuming but because of this study's purpose the interviews were necessary.

3.4.2 Interview Design

The reason for conducting qualitative interviews is due to that the purpose of this thesis demands a deep understanding of the Company's Product Category's marketing process. By using a semi-structured approach the interviewee can be more flexible in his or her answers and base them on what they find most relevant. An interview guide, with a list of open-ended questions was prepared in advance regarding the topic aligned with the purpose of the study. Bryman and Bell (2011) describes the semi-structured approach as being open for new and following-up questions since it does not follow a specific schedule. The interview questions were based on the background information received from the initial telephone interview focusing on the Company's Product Category marketing process and organization merged with information from the academicals articles regarding the topic of the research. Further, the approach will help the interviewers to stay in line with the topic but still be flexible for what information is received during the interview. This is necessary when conducting an exploratory study. Additionally, to limit presumptions and enhance trustworthiness the interview guide contained neutral questions to receive as descriptive and honest answers as possible from the respondent. The interview guide contained 7 questions and the same interview guide was used for all the interviews, this because the authors of this thesis desired to be able to compare the interviewees' answers. In advance the main topics that the questions regarded were sent to the interviewees. The questions can be found in Appendix 1.

3.4.3 Conducting the Interviews

All of the interviews were recorded, with the interviewees' permission, to minimize the risk of misconceptions. Table 1 summarize the interview process and gives some information regarding the respondents. One of the authors was in charge of asking the questions while the other took notes during the interviews. Because of this division the conditions to come up with relevant following-up questions was enhanced. By recording the interviews it is possible for the researchers to listen to the interviews for an unrestricted number of times, which can be helpful for obtaining a greater understanding. Further, the researchers can have their full attention on the interview and the interviewees' answers when using a recorder, which also increases the opportunity of relevant following-up questions. According to Bryman and Bell (2011) there is a risk that the interviewees feel disturbed by the recording, this can lead to that they are less willing to answer the question honestly because they are concerned that it can affect their work. In this study there was not a high risk of this problem because both the Company and the interviewees are anonymous. The interviews were transcribed after the interviews, which is another measure to lower the risk of confusions and as a support when writing the empirical data and analyze chapter according to Bryman and Bell (2011). The interviews were conducted in the respondent's native language (in this case that means that in one interview the answers was given in Danish and in the other three the answers was given in Swedish), thereafter the authors transcribed the interviews in Swedish and translated the data to English for the empirical chapter.

Table 1 Illustrates the Respondent's Title, Divisions, Nationality, Circumstances, Rounds and Length of the Interview.

Professional title	Division	Nationality	Circumstances	Rounds	Length
Respondent A Category manager	Subsidiary	Swedish	Over phone/Skype	Twice	First time: 30 minutes Second time: 50 minutes
Respondent B Brand manager	RHQ	Danish	Face-to-Face	Ones	1 hour
Respondent C Key account manager	Subsidiary	Swedish	Phone	Ones	30 minutes
Respondent D Business developer	Subsidiary	Swedish	Phone/Skype	Twice	First time: 20 minutes Second time: 40 minutes

3.4.4 Secondary Data

Several secondary sources have been used in this thesis. Information regarding the Company was partly collected by using databases, search engines and the Internet. This enables the researchers to search on specific keywords and topics to find relevant information for their thesis (Saunders et al., 2009). Secondary sources such as the Company's and the Product Category's websites, other websites, organizational schedule and annual reports have been used to receive a greater understanding of the Company, Product Category and the industry studied in this thesis. One of the Company's biggest campaigns during 2015 was given to the authors and used as an example when studying the execution of the marketing process.

3.5 Analysis Process

The interview guide contained open-ended questions and therefore the collected data consisted of non-numerical data (Saunders et al., 2009). The data is based on the respondents' answers resulting in that the emphasis has been on words and context. A qualitative data analysis strategy has therefore been applied. Because the respondents' answers are the foundation of this study it was important for the authors of this thesis to sort through the collected data to highlight the important and useful information as well as seeing connections in the data. The analysis process can be time consuming (Collis & Hussey, 2009) and therefore it was important to reduce the quantity of data and create an overview of the material. By transcribing the interviews the redundancy of data was facilitated. The redundancy took place alongside the compilation of the empirical data and the re-evaluation of the theoretical framework in line with the abductive approach that has been used in this thesis. Miles and Huberman (1994) describe data reduction as a way of strengthens, focuses, emphasis and restructure the data and the depletion of data, which creates greater conditions to apply thematic analysis. The authors of this thesis studied the collected empirical material and the theoretical framework when trying to explain and merge the data with the theory in line with Guest, MacQueen and Namey (2012) definition of a thematic analysis to receive a greater understanding of the overall process and subtle patterns.

3.6 Research Quality

It is highly important to guarantee that the research is of high quality. This study's will be evaluated based on the following terms: dependability, credibility, confirmability and transferability to guarantee the quality of the study. This is in line with the traditions of qualitative research traditions (Guba, 1981; Lincoln & Guba, 1985; Guba & Lincoln, 1994).

3.6.1 Dependability

Dependability refers to if it is possible to trace the progress of observation and the analytical process that is used in the study conducted (Guba, 1981). This means that all the phases in the study and empirical analysis should be documented. In this thesis this is taken in consideration since the research process describes how the study was conducted and the analysis process so a third part can act as an auditor and try to determine to what extent correct procedures have been used. According to Guba and Lincoln (1994) dependability concerns the possibility for a third part to understand and follow the author's processes leading up to the findings and insights. The recordings and transcribing of the interviews is also useful material for auditing (Bryman & Bell, 2014).

3.6.2 Credibility

Credibility addresses the question regarding how convincing and believable the findings of the study are (Bryman & Bell, 2014). The credibility of the study was insured since the same interview guide has been used for all the interviews in order to triangulate and find patterns. Since this thesis is based on a qualitative research the intention is to understand and portray the marketing process from the interviewees perspective. The establishing of a study's credibility is based on two main aspects. First, that the study has been conducted according to good practice (Bryman & Bell, 2014). Second, that the object of the study has understood the purpose with the study (Bryman & Bell, 2014). All of the representatives are involved in the marketing process and linked to each other but have a different responsibility, which contributes to several perspectives of the marketing process being collected through the interviews.

3.6.3 Confirmability

Confirmability refers to the question regarding if the authors are bias and to what extent that affects the findings (Bryman & Bell, 2014; Guba, 1981). This also refers to what measurement the authors apply to increase objectiveness (Bryman & Bell, 2014). In this study the measure to obtain objectiveness in the empirical data was the triangulation of interviewing several people involved in the marketing process and at different levels of the organization. The author should strive towards complete objectivity but that is impossible to achieve. By describing the methodology thoroughly it is possible to audit the study and understand decisions made during the study.

3.6.4 Transferability

This criterion addresses the question regarding if the findings can be applied in other contexts. This thesis is studying a vaguely researched area and the study can potentially provide analytical generalization (Yin, 2003). Since this study is based on a single case study it is not possible to draw statistical generalizations. Instead the arguments and the analysis can be used as a foundation to analytical generalization and might be applied to other context regarding the marketing process in MNCs.

3.7 Limitations

In this thesis there are some limitations related to the collection of empirical data, the case study and the literature regarding the relationship between MNCs HQs and subsidiaries, IR dilemma in a marketing context as well as regarding RHQ.

Cultural differences and legal requirements can have influenced the study. For example, the Company have other RHQ in other parts of the world but in this study only one relation including a RHQ in the Nordics is being examined. If another RHQs had been studied for this thesis the empirical data may have varied due to differences in culture and legal requirements. The study is conducted in a yet relatively unsearched area and therefore more studies within the area are necessary to understand how external factors do affect the marketing process in a MNC.

4. Empirical Background

In the following chapter background information regarding the industry followed by some information regarding the Company and Product Category and their organizational structure will be explained. Lastly, the empirical data collected through the interviews will be presented.

4.1 FMCG Industry

Providing consumers with consumable goods for their everyday life recognizes the Fast Moving Consumer Goods (FMCG), industry. Primarily the tasks for companies within this industry are producing, packaging, marketing and distributing products to the consumers. Products provided in the industry are mainly goods with short shelf life and includes among others: dairy products, bottled beverages, grooming products and candies (Investopedia). The FMCG industry is enormous, the profit margin often low and the competition is tough including some of the world's largest companies such as Coca-Cola, Unilever, Procter & Gamble and Mondelez (The Statistics Portal, 2016). The high level of competition creates an industry where advertising, product development and entering new markets are key factors for containing growth (Saxena, 2015). This results in high focus and spending on the marketing function and their development of strong preferable brands.

4.2 The Company

It is stated in The Company's Annual Review (2015) that it is one of the world's largest companies. The Company has a rich heritage rooted in Europe. It is operating within the FMCG industry and is focusing their businesses on nutrition and health science. They are active in almost 200 countries and employ over hundreds of thousands of people all over the world. Their product portfolio is broad and consists of thousands of well-known brands. The Company is constantly striving to innovate new and develop their existing products to be in line with their consumers' changing preferences. Further the review (The Company's Annual Review, 2015) informs that the Company today focuses their R&D on making their products healthier and aims to have a positive impact on society by promoting a more wholesome lifestyle. In the Nordic countries the Company provides customers with several of their products and employs people in all of the Nordic countries. The Company has its HQ in central Europe and the Nordic RHQ is located in Denmark. The RHQ is responsible for the subsidiaries in Norway, Denmark, Finland and Sweden (The Company Denmark, 2016). The relationship within the organization has therefore the following hierarchy: HQ - RHQ - Subsidiary.

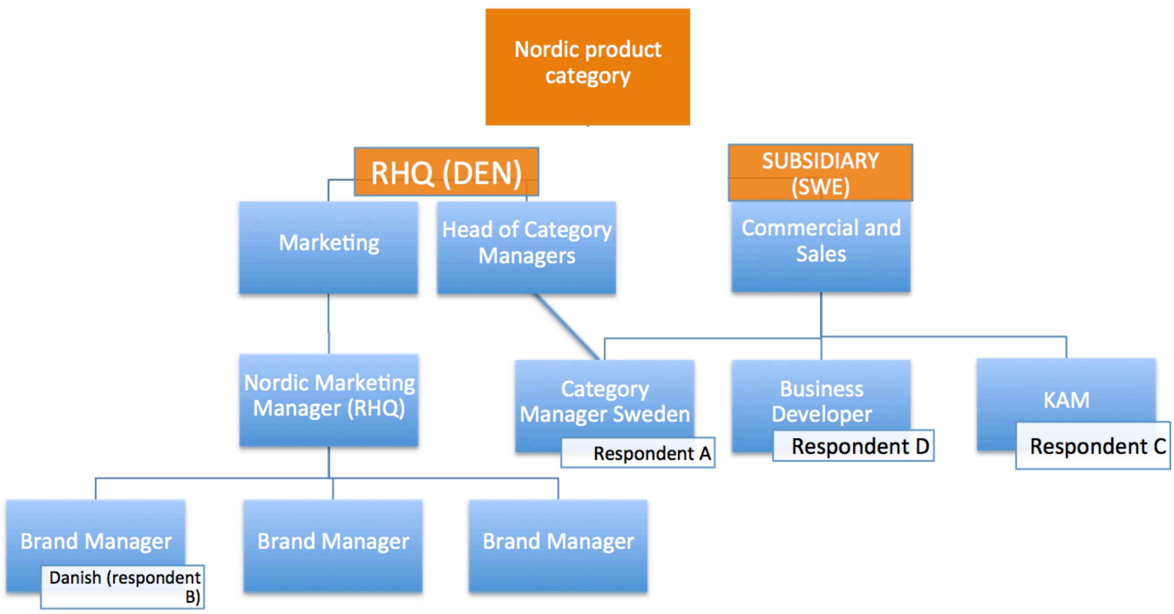
4.2.1 Product Category

The Company is divided into several different Product Categories, which all are operating as individual functions within the Company and are having the same organizational set up. A Product Category unites similar brands within the Company that are operating in the same segment of products. This can for example be a category such as grooming products, drugs, confectionery or toys.

4.2.2 The Nordic Product Category's Organizational Hierarchy

Figure 2 illustrates the Nordic Product Category's organization. Even though there are no formal or direct managerial linkage between the commercial and sales function and the marketing function, integration between these functions is necessary. In order for the marketing function to get local input from commercial and sales regarding the local markets they need to communicate with the function and this integration is streamed through the local CM.

Figure 2 Illustrates the Nordic Product Category's Organization



Source: Author's own

Nordic Marketing Manager

The Nordic marketing manager for the Product Category is responsible for all marketing regarding the concerned category in the Nordic region. The Nordic marketing manager is sited at the RHQ and is in charge of the marketing team. Both the BM and the CM are reporting to the Nordic marketing manager. The Nordic marketing manager manages most of the communication with the marketing team at the HQ. The marketing manager is involved in making final decisions regarding marketing for the region as well as for a local country within the region.

Brand Manager

Seen in figure 2 there are three brand managers (BM) in the Product Category on a Nordic level. These brand managers are all located in the RHQ and are part of the category marketing team including the BMs and to whom they report the Nordic marketing manager. Hence the marketing team consists of the three BMs and the marketing manager. The most fundamental mission for the BM is to develop the brand from an advertising perspective, which means the brand experience among customers. The BM is therefore a key person and a central part in all marketing processes and communication on a Nordic level. In every process the BM is highly involved in the strategic work and has a good opportunity to give its input and feedback to every person participating in the process.

Category Manager

Each Nordic country has one category manager: this title was previously called the CEO of the category and the country that means that the CM has similar overall responsibility for the product in the country as a CEO would have. The CM is the person from each country that has the most contact with the marketing team at the RHQ. The CM should work as a bridge between the marketing team at the RHQ and the organizations in their country. Since the CM is based and located in the country they represent, most contact with the RHQ occurs through telephone or email. The CM is in charge of the execution and responsible for all "below the line" marketing material, such material refers to marketing material used for advertising in supermarkets and whole sales. When the RHQ consults a Nordic country for feedback or input they turn to the CM, which can involve other parties at the local subsidiary if needed. The CM does not have any contact with the global HQ. If the CM has an idea or feedback it has to go through RHQ.

Business Developer

The business developer is responsible for product and business development for the Product Category, which includes evaluating and finding new opportunities for the Product Category's business. One respondent explains the role as business developer as *"...being responsible for everything outside the ordinary business".* Moreover, the role include that the business developer should "*challenge"* the Product Category team and CM. The business developer often participate at the Integrated Commercial Plan (ICP) held at the RHQ, as *"a point on the agenda"* or as an advisor. The ICP process is when the brand team plans the marketing and campaigns for the upcoming year. The business developer is not particularly involved in developing the campaigns but instead the business developer is involved in the process of explaining and educating the sales department regarding each campaign. The business developer explains the opportunities to the CM and can support the process until the opportunity turns into action.

Key Account Manager

The Company has several Key Account Managers (KAM) and the one interviewed for this research is working on national level with national customers. The KAM is responsible for sales and has a broad portfolio of the Company's products to work with. All countries have a team of KAMs and they are based at the local subsidiary. In this study the KAM interviewed was part of the Swedish team. The customers are typically grocery stores and hard discounters and negotiation is being made on a HQ level. The KAMs are not very involved in the campaign process yet they do have the possibility to limited extent give feedback and inputs when requested.

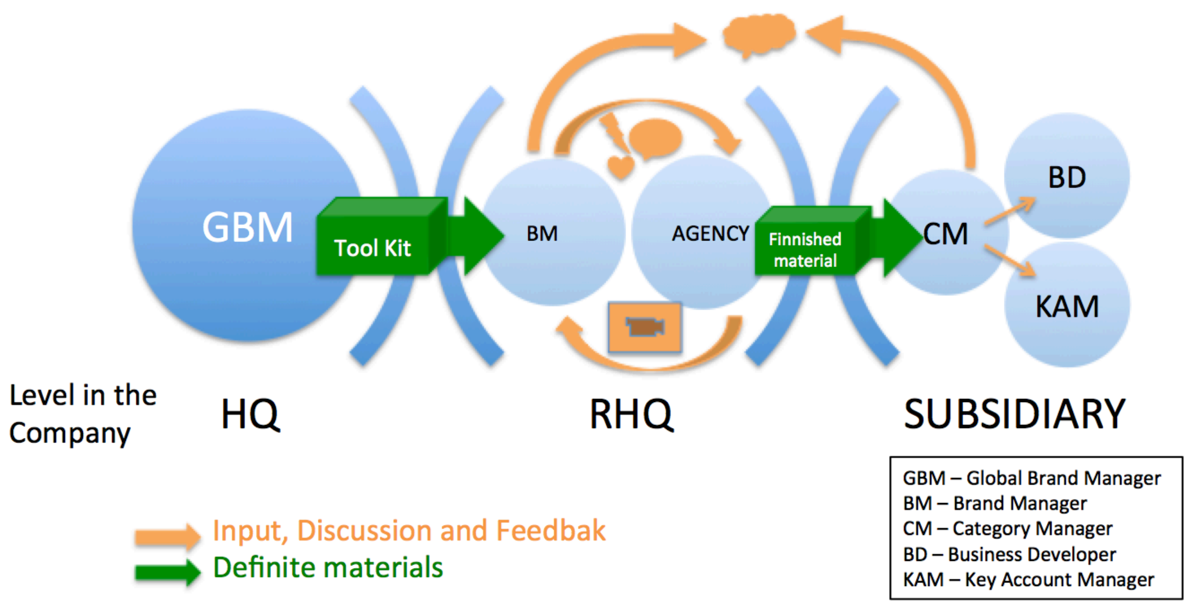
4.3 Process of Creating Marketing Communication

Creating campaigns or other marketing communication in the Product Category is not a linear process where every step is predetermined. Despite this there are some informal established elements and procedures expected to be finished in order for the communication to reach the market. This is what we in this report will refer to as *execution of the marketing process.* In the region and Product Category examined in this study two different marketing execution processes were identified, one that is HQ driven and one that is fully lead by the RHQ. Based on the respondents' answers these two different processes will be will explained.

4.3.1 HQ Driven Process

The HQ creates and drives campaigns that often concern new product lines or innovations and the process is illustrated in figure 3. It can be both "above the line" which is pure advertising such as TV commercials but also "below the line" which means trade campaigns and point of sales (POS) material. The global BM located at HQ drives this process and supplies the RHQ with a communication-kit and snapshots of the product that are aimed to be used in the local advertising. These marketing activities are being briefed to the RHQ at least a year before it is released. The process is being described as more streamlined actions. After being briefed to, the marketing team at the RHQ begins their work on a local commercial, which incorporates the elements given by the HQ. Producing the commercial is outsourced to a media agency that is located in the same country as the RHQ. Both the "above the line" and "below the line" material is being presented to the national CM, who is able to give inputs on the communication, though feedback has never been given on "above the line" advertising from the person interviewed in this study. When the advertising to the campaign is completed it is presented to the national sale team and ready to enter the market.

Figure 3 Illustrates the HQ Driven Process

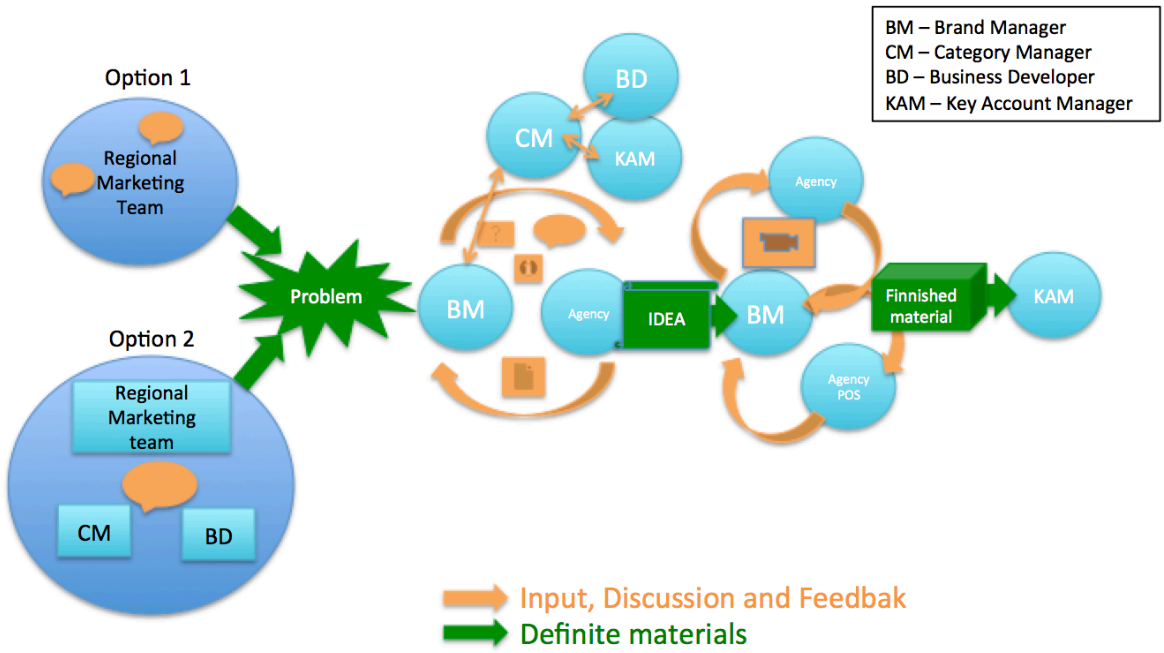


Source: Author's own

4.3.2 RHQ Driven Process

The RHQ is assigned resources for marketing material for the whole region by the marketing team at the HQ. The RHQ is in charge of deciding how to divide the resources between the countries within the Nordic region. Further, the RHQ creates and drives campaigns that often are produced with the goal to solve an existing problem as shown in figure 4. The problem can appear in several ways such as how to target a specific audience or how to change the perception of a product. The process either starts with an in-house discussion by the regional marketing team where they identify a problem or as an outcome of a yearly recurrent meeting including both the regional marketing team and the national commercial team including the CM. One or more regional BM drives the process and briefs the media agency about the objective with the campaign. Together the agency and the marketing team brainstorm and come up with an idea for the marketing activity. The national CM is highly involved in the process regarding practical elements and is in charge of when and how the campaign is supposed to take place. It is the CM's responsibility, though an optional one, to inform and get feedback from KAMs and sales representatives in the national commercial team and thereafter feedback the marketing team. The CM can tentatively give the feedback to the national KAM continuously on a monthly basis, if not it is presented on sales meetings where both KAM and sales representatives are present. The regional marketing team continues the "above the line" advertising work and communication with any external parties and the national commercial team is making the execution plan, which includes how to behave in the stores. The "below the line" work with POS material is being produced by a national agency but led by and negotiated with the regional marketing team to fit the "above the line" commercial. When all campaign material is finished it is presented to the KAMs and sales representatives in order for them to be able to sell the campaign to their customers.

Figure 4 Illustrates the RHQ Driven Process



Source: Author's own

4.4 Variation in Marketing Material

Creating and producing marketing material can be both expensive and time consuming which is emphasised by the respondents. The Company does not produce their own marketing or campaign material but production and design of marketing material is outsourced to different media agencies. The material produced from the HQ is mainly "above the line" marketing, such as TV commercials and Internet advertising. Often RHQ receives specific parts of a commercial, such as short film sequences that they are supposed to use when creating a marketing material for the Nordic market. This can for example be short sequence of the product presented in a specific way. The reason for this is mainly since producing moving marketing material is expensive and because the product should be presented in the same way across the globe. The regional marketing team's task is to integrate these pictures into an environment that is recognizable for the customers. It is the RHQ responsibility to adapt this material to the Nordic markets.

4.4.1 Use of Agency for the Creation of the Marketing Material

Mentioned previously the marketing team is making yearly plans one year in advance at the ICP meetings. At these meetings the brand team and the CM is present and together they identify which customer segments and what products to put most focus on. Next in the process is to brief the agency. One of the brand team managers explains:

"We identify a problem or an area of improvement and then we present the situation to the media agency who creates suitable marketing campaigns and material"

The agency is then in charge of the creative process of creating appropriate marketing material and suggest suitable brand ambassador (BA) and media. In the RHQ driven marketing processes an agency located in the same country as the RHQ is consulted. Most often the HQ' s agency creates "above the line" material and visuals that the RHQ or the CM should use as guidelines when outscoring the creation of "below the line" material to a local agency. CM is in charge of "below the line" materials and following up on these campaigns. The "below the line" material should follow the visuals created for the whole campaign and is most often produced by an agency on a local level but can also be created by an agency cooperating with the RHQ. The communication regarding the production of "below the line" material can be lacking, which can lead to that both the local and the regional agencies produces the same type of material. This is problematic since it creates double work and double expenses. If the "below the line" material is RHQ driven the CM in each country often has the possibility to choose between a couple of campaigns.

4.4.2 Local Adaptation

Explained in the subparagraphs above there are two types of marketing processes: HQ driven and RHQ driven. Depending on which HQ who is ordering the campaign the local adaptation and to what extent the local subsidiary can influence the process varies. A HQ driven marketing campaign has to be locally adapted in two steps: first to the Nordic market (by the RHQ) and then to each of the Nordic countries. In contrast, the RHQ driven marketing only has to be adapted to each Nordic country. There might be marketing materials which is HQ driven that has not been adapted to the Nordic markets. This was for some respondents perceived as misconception of the local preferences and needs. One respondent explains the differences in HQ and RHQ driven marketing material in the following way:

"The marketing from HQ is much more standardized, for example a video campaign or an Internet campaign. This [video campaigns and internet campaigns] type of advertising is more suitable for the worldwide market. The advertising created by the RHQ can be more locally adapted."

The Product Category has a Nordic marketing team sited at the RHQ and who in most cases they only communicate regarding marketing with the countries through the CM. This creates a risk of a gap in understanding the local market. The marketing team at the RHQ is not representing each of the Nordic countries in their nationality since only two of the countries nationalities are represented in the team. Moreover, the marketing team at the RHQ is responsible for four markets, which results in that they have to adjust and adapt to four different sales cycles and divide the budget they are given by the HQ on the four markets. The respondents describes that it can be frustrating when having to "compete" against the other countries in receiving resources and attention. All of the countries have their own deadlines and since timing is a crucial part of the process this can lead to frustration.

4.4.3 Local Influences

In a HQ driven marketing campaign the RHQ can to some extent affect and influence the marketing material. Regarding marketing it is only the marketing team at the RHQ, and far most the marketing manager who communicates with the Product Category marketing team at the HQ. One of the respondents explains that they are about to start a campaign in the near future which is HQ driven that they consider adapted to the Nordic market. This is mainly because the Nordic market has been the test market for this campaign and therefore they have been able to influence the marketing material. The respondents emphasize the fact that the Nordic market has been a test market has had a great impact on how the campaign will be applicable to the Nordic market when launched. In a HQ driven marketing campaign the CM cannot affect the material created at HQ at all and this can be explained by the Company hierarchy. In contrast the CM is more consulted in a RHQ driven marketing campaign. The marketing team consult the CM for advice regarding local market knowledge when it is valuable for the campaign to be locally adapted. The sales team is not involved in the marketing process and are not able to give feedback to the marketing team at the RHQ, instead they can share their input with the CM. The sales teams are informed regarding the campaigns at sales conferences.

4.5 Pronounced Challenges in the Processes

Throughout the interviews there were a couple of challenges pronounced regarding the processes: timing and differences in the Nordic countries. These will be presented in the following subparagraphs.

4.5.1 Timing

When working on a Nordic level the marketing team need to take in consideration deadlines from all countries and their sales cycles but also deadlines from external parties such as POS manufacturers and media agencies. Timing is key when executing a campaign and is stressed by the CM to be the most critical element and the easiest to misjudge when creating a campaign. The teams are working with long lead-time to be able to present to the sales teams ahead of their sale cycle, if someone or something in the process is lagging behind the whole campaign is at risk. The most crucial timing-moment in the process is distribution of material to the sales team, which needs to be aligned with all other Product Categories campaigns in order to avoid a constant flow of materials to the teams.

4.5.2 Differences in the Nordic Countries

Creating regional campaigns to use in all countries can be troublesome as a consequence of national preferences and perception of the product. The Company is experiencing much stronger support for the Product Category's products in Norway than in for example Finland and Sweden where the product is being perceived differently due to different preferences. Also the national perception of a BA or type of campaign material can be difficult to take in consideration when working at a Nordic level. The local customers and their various banner levels with different store size is also a factor that is stressed as important to adapt to by the commercial team.

Different circumstances in the Nordic countries vary which affects how successful the marketing becomes. First, the products reputation differs in the region. This means that the citizens in the Nordic countries associate the product in dissimilar ways. In a marketing context this means that the marketing needs to be adapted to be in line with the customer's association. Second, the type and set up of stores are not similar in the four countries. For example in one country two different chains dominate almost the whole market compared to another of the countries where the market consists of a number of smaller shops. Thirdly, the language can become a difficulty. A lack of understanding of how the different languages are built up and different meanings of words can lead to that campaign material can be inaccurate. RHQ tries to limit this setback by applying sense-checking and involving the CM in the process. When sense-checking the RHQ reviews data from previous campaigns as well as data regarding each of the Nordic countries markets. The respondents operating on a country level describes these as three of the challenges that occur when lacking local adaptation. Moreover, communication between the different levels within the organization is important as well as feedback and evaluation after and during the execution marketing process.

4.6 Relational Environment

In a MNC that operates in different markets, countries and cultures communication plays an important role. Evaluation and feedback can play an important role to learn from projects but it can be hard for MNCs to prioritize this due to lack of time.

4.6.1 Evaluation and Feedback

The different roles in the organization have their own evaluation procedure and key performance indicators (KPI) to evaluate upon. The KPIs are used to follow up and evaluate the outcome of campaigns. Common for all evaluation processes are that they are all related to the performance of the campaign and not to the internal marketing process. The CM evaluates the campaign based on KPIs such as market share, quantity sold and exposure in the stores. The marketing team's KPIs differ from the CM and they focus more on how many customers they reached with the campaign. The marketing team and the CM do not evaluate together. In some cases the local subsidiary share their KPIs with the RHQ. If the marketing team consult the CM during the marketing process usually email are used due to time limitation. The CM always have the opportunity to give input or feedback on "below the line" material since they are responsible for the result. Once a month a brand team meeting is held at the RHQ, that is an opportunity for feedback regarding the process but it is not common due to a full agenda. One of the respondents state:

"Each area evaluates their progress based on their own KPIs [Key Performance Indicators], that are based on their strategic goals. Non-discussion between the local subsidiaries and the RHQ is being held. This is mainly because people are too busy and therefore evaluation is not prioritized."

4.6.2 The Product Category as a Part of the Global Company

The Company owns several well-known brands in various Product Categories but also in the same Product Category, which leads to that the brands to some extent are competitors. Because of the Company's size and spread all over the world each Product Category is managed as one single company. This strategy has affected whom the respondents identify themselves working for: for the Product Category or for the Company. Who they identified themselves working for or being a part of depended on where in the hierarchy they were, their role and how much contact they had with the RHQ or HQ. The BM and CM, who have more contact with the RHQ or HQ identifies themselves and the Product Category as a part of the global Company. The business developer and KAM, who works closer to the local market generally identified themselves more as a part of the Product Category but explains that they experience clear global influences. One respondent explained:

"Most of the employees located at the local subsidiaries identify themselves as a part of the Product Category mainly because of the pride they feel working for the specific Product Category"

4.6.3 Trust

Since HQ, RHQ and subsidiaries collaborate to achieve synergies and because different teams are responsible for different steps of the marketing process trust can be argued to be an important aspect. The different divisions are responsible for different parts of the marketing process and it varies how much they can affect the advertising material depending on if it is RHQ or HQ driven. Some material comes directly from the HQ or RHQ, where the later stages of the marketing process have not been involved or only partly involved due to time limitations or the attempt to have similar advertising in region. The reasons for why the same or partly the same marketing material is used in several countries are not only economical but also to create a global brand so that customers that are traveling can recognize the brands and what they stand for.

Trust within the organization is very important since the marketing process has several stages where several people are involved. The respondents were asked regarding whether they trust the quality of the work produced in the other stages of the process. All of the respondents were united regarding that they over all trusted the material or ideas from the teams responsible for the earlier or later stages of the marketing process. According to some of the respondents it can happen that campaigns may not fit the local market but is implemented anyway but that is often due to time pressure or a lack of perception of the local market. Yet the respondents explained that this occurrence is rare. Further, the respondents have a high confidence in the material produced by the HQ since that is where all the experts are located. Since the Company does not produce any marketing material in-house but instead uses an agency another relationship is created where trust is crucial. The respondents explained that they trust the work of the agency and that the same agency is being used worldwide.

5. Analysis

The analysis starts with a discussion of empirical evidence regarding the duality between global standardization and local adaptation. Thereafter the institutional impact on the marketing process, such as norms lifestyles and stereotypes but also the importance of dependence will be discussed. Lastly, the role of RHQ and its influence on resemblance within the organization is presented.

5.1 Standardization

The HQ driven process makes it possible for the Company to achieve economy of scale by standardizing visuals and snapshots aimed for a specific campaign. One respondent emphasized the huge costs regarding creation of marketing material and explained that production of film advertising and key visuals is extremely expensive. By creating a unitary framework for a marketing initiative supplied with a toolkit including standardized material the HQ can distribute their communication on a global scale. This is in line with the arguments stated by Vrontis, Thrassou and Lamprianou (2009) and Ambos and Schlegelmilch (2009) claiming that economy of scale is one of the main objectives when a company uses standardization. Centralizing some of the Company's production of marketing material to the HQ also gives the Company the opportunity and mandate to ensure a certain quality in the production and obtain the desired brand image. This is then sent out to the RHQ, which uses the tools and elements given to them in the local advertisement and campaigns. This procedure and process makes it possible for the Company and the Product Category to maintain a uniformed global brand that is recognisable anywhere you encounter it. According to Levitt (1983) this can be a huge advantage when wanting to preserve and protect the values of having a global brand. To concretize we were given an example from the BM explaining that visuals and sequences capturing the core product and its unique point of sales in a picture can be extremely time and cost consuming. By creating this material only once at HQ level the Company avoids unnecessary expenditures, enables worldwide usage of the snapshots and at the bottom line achieves economy of scale. Standardization and economies of scale can be argued as the core of global integration but in a marketing perspective it is also of importance to understand the local customers preferences and needs (Vrontis, Thrassou & Lamprianou, 2009).

5.2 Adaptation

Achieving local competitiveness is to varying degrees being made in the Company depending whether it is a HQ driven processes or a RHQ driven process. When the HQ drives the initiative, local adaptation is being made to a more limited degree and the communication between HQ and actual market goes through the RHQ. The RHQ has the possibility to combine snapshots and visuals from the HQ and patch them up with material they have produced, though influences from national levels are highly limited. The RHQ driven process is to a greater extent adapted to the national market, which as mentioned before according to Vrontis, Thrassou and Lamprianou (2009) is crucial when targeting a specific consumer. Throughout this process the marketing team at RHQ do involve the national subsidiaries and receives their input and feedback on local preferences. Once a year during the ICP meeting national strategies and initiatives are being discussed with representatives from the national subsidiaries, which also is an indicator of trying to achieve local competitiveness by emphasizing customization. The agency working for the Company has its own local subsidiaries in the Nordic countries and is to a great extent involved in the local adaptation of communication and campaigns, for example by recommending media and suitable brand ambassadors. The study by Laudien and Freiling (2011) regarding RHQ they argue that even though the RHQ might increase the MNCs fixed cost their contributions including local awareness weigh up for these increased expenses.

The Company has an organizational structure including HQ, RHQ and national subsidiary. This combined with two variants of the marketing process, HQ and RHQ driven, enables the Company to some degree balance the duality between global standardization and local adaptation (Kostova & Roth, 2002; Boojihawon, Dimitratos & Young, 2007; Ambos & Schlegelmilch, 2009). The elasticity in this duality is conflicting and dealt with on two levels in the Company. First there is the HQ to RHQ relationship where the HQ has a more standardization-friendly approach creating scalable material for the global market. RHQ has in this context the responsibility to amend and adapt the communication received from HQ to their local markets. In the HQ driven process where RHQ is working, as the adaptation party the dilemma is a question of how much of the materials created on HQ level that can be used in the communication on a Nordic level. Combining examples from above the key visuals and product snapshots confirms standardization and patching them together with movies and materials created at RHQ confirms adaptation. Second there is the RHQ to national subsidiary relationship where RHQ takes the scalable approach and strives to utilize the material they have created on RHQ level to the greatest extent as possible. In this case the national subsidiary is in charge of the local influences and adaptation. To what extent the communication becomes locally adapted is determined by whether the initiative is meant for all of the Nordic countries or only one of them. When the initiative is on a Nordic level a greater conflict arises regarding national influences than if the initiative is exclusively aimed for one specific country. Zou and Cavusgil (2002) to some degree in agreement with the conceptual model of the global marketing strategies develops these two relationships and saying that management should be able to choose and combine elements that are both enhancing global integration and local adaptation.

5.3 Institutional Impact

Since the execution process is managed and executed by people, the institutional context discussed by Kostova and Roth (2002) accounting for norms, lifestyles and stereotypes could be elements influencing the execution process. When doing cross-country operations on initiatives aimed for a specific market differences in the regulatory, cognitive and normative components might occur. Regulation and legislation has not been a problem pronounced by the respondents, which probably can be explained by the fact that the process is being executed within a common trade area (European Union). Using an agency for the production of marketing material also transmits some of the responsibility regarding legislation and regulation in these matters to the agency. Norms and social knowledge on the other hand came up a couple of times in the matter of local adaptation. When asking the respondents about the adaptation they implied a humble dissatisfaction with some of the communication that have been given to them. Yet the respondents did not emphasize these kinds of differences and practices from different levels did not seem to be opposed due to cognitive or normative differences. Some of this dissatisfaction might be explained by the lack of feedback and evaluation of the marketing process. Since there are limited time and space for the people in the process to actually evaluate and give input on the process there are also limited opportunities to adjust and develop it. If time for evaluation and feedback of the process were prioritized the involved might achieve a greater understanding of each other's work and values. This could also lead to a greater resemblance within the organization.

Even though the empirical data does not focus on norms and lifestyle the lack of complaints regarding implementation is in line with what Kostova and Roth (2002) argues for: higher level of resemblance in the institutional context between subsidiaries and functions is easing the implementation of practices coming from different levels in the organization. Resemblance seems to occur and be eased for when the functions within the Company cooperates cross-borders but within a similar regulatory environment and also outsource some of the legislative matters to external parties such as agencies. This means that there are no greater legal or regulatory aspects that need to be dealt with in order to manage daily business. The normative and cognitive components appear to be impacting the persuasion of materials received from superior levels in the organization as a consequence of different comprehension of the local market. This can create disagreements between different levels in the organization regarding marketing communication but can probably be reduced by increased communication within the organization to grow the understanding of the country markets and consequently increase the resemblance.

5.4 Relational Impact

Interaction between subsidiary and HQ goes through the RHQ. According to the respondents this is mainly due to the fact that the Product Category studied in this report is a large and profitable Product Category for the Company and therefore the hierarchy within the Product Category consists of several stages of managers.

5.4.1 Dependence

It can be argued that the dependency within the Product Category's organization has two steps: first, the local subsidiary to RHQ and second RHQ to HQ. Ciabuschi, Dellestrand and Holm (2012) describes that the operational business is affected by the relationship between the subsidiary and HQ. In this case, regarding the dependency divided into two stages, RHQ takes the role of the "subsidiary" in the RHQ-HQ relationship. Regarding dependency between the local subsidiary and the RHQ, the RHQ takes the "HQ" role. Described in the empirical material the CM does not have any contact with the HQ regarding the marketing material. If the CMs have any feedback or opinions regarding the material they have to communicate with the marketing team at the RHQ. This means that there is no communication between the marketing team at the HQ and the CMs in the Nordic countries. The CMs has to depend on the marketing team at the RHQ to locally adapt the material and the HQ has to depend on the RHQ for information regarding the Nordic markets for the HQ-driven marketing material. The dependence within the organization increases the risk of miscommunication and the risk of affecting implementation negatively (Kostova & Roth, 2002). Because of the two steps of dependency within the organization there is a risk that different levels in the organization (HQ, RHQ and local subsidiary) counteracts each other. This can occur unattended if the communication has been lacking, which can lead to that RHQ or subsidiaries do not feel included. For example when implementing a HQ driven process there is a risk that the local subsidiaries feels run over. This can occur if the RHQ has failed their responsibility of adapting the material to the local market or inform the subsidiaries regarding the campaign. This can be because the local subsidiaries experience a limited freedom aiming to adapt to the local preferences.

Zou and Cavusgil (2002) argue that it is up to management to decide whether a campaign should be standardized or locally adapted. For the standardized material the RHQ is dependent on the HQ and their expertise to create the advertising material, for example an Internet commercial. Then depending on the directives from the HQ they locally adapt the material for the region or for each country. For the locally adapted material the RHQ have to depend on the insights regarding each country's markets from the CM. Based on the insights the RHQ decides whether a campaign should be applied to the whole region or if it should be modified for each country. This means that there are two levels in the organization, the marketing team at the HQ and the marketing team at the RHQ that both have the authority to decide whether the marketing material should be standardized or locally adapted. Presented in the theoretical framework most of the studies regarding the IR dilemma is discussed on a dyadic level, only taking two levels of an organization in consideration. This study exemplifies that an organizational structure involving multiple HQs adds an additional dimension to the IR dilemma for an organization. The argument regarding that it is the management's decision whether to locally adapt or standardized becomes more complex in an organization with multiple HQ since the RHQ becomes a second level of management. Using multiple HQ also adds a level of local adaptation since the management at both the HQ and RHQ can chose to adapt on a regional level and country level.

5.5 RHQ Role in the Organization

The local subsidiaries only consist of sales and commercial divisions. Other necessary functions, such as marketing is located at the RHQ and is responsible for the marketing in each of the countries and for the whole region. There are some functions, for example marketing, that are located at the RHQ with responsibility for their tasks regarding their function in the whole region. This means that the RHQ has an administrative and innovative responsibility for the region, which makes it a RHQ and not a subsidiary with regional mandate (Ciabuschi et al, 2012). The RHQ is also assigned resources from the HQ for the whole region, for example the RHQ has a marketing budget for the Nordic region that they are in charge of dividing between the countries which another example of that the RHQ should perform as a HQ. The marketing team for the Product Category is located at the RHQ and has a responsibility for the marketing in each of the Nordic countries and how they divided the resources. The RHQ has a strategic responsibility regarding the marketing for the region, which is in line with Schütte (1996) definition of a RHQ.

The RHQ has most information regarding the region's market as a whole and each country's market since they can consult the CM. This is in line with what Laudien and Freiling (2011) describes as the main purpose for the RHQ in the relationship to the HQ as the importance of knowledge regarding the local markets and the region is facilitated and achieved through the RHQ. This information provides the foundation for the management's decisions regarding if to local adapt or standardize. This role is especially important in a global organization the size of the Company. If the HQ would be responsible to collect knowledge regarding each local market it would be complicated and inefficient.

5.5.1 Resemblance

It is shown in the empirical material that the more contact the respondent had with the RHQ or HQ the more they felt as a part of the worldwide organization. The respondents explained that they had high trust in the material produced by the earlier steps in the marketing process and that they felt as they were a part of the global Company and not only the Product Category. This perception is in line with Kostova and Roth (2012) theory regarding resemblance and how a high level of resemblance between the different levels within the organization is beneficial when implementing a HQ driven process. This becomes especially important in an organization with multiple HQ since different levels of HQs affect how resemblance is developed.

The RHQ plays an important role regarding resemblance within the organization by connecting the subsidiaries within the region and the HQ. The RHQ is responsible for the communication between the two parts of the organization. The respondents explained that the feedback or ideas that they have regarding marketing has to go through the brand team at the RHQ. The Nordic marketing manager for the divisions is then responsible to communicate with the brand team at HQ. Moreover, the information from the brand team from the Product Category at the HQ goes through the RHQ and then the RHQ is in charge of distributing the information regarding the subsidiaries to them. This shows that the RHQ has an important function in the organization regarding resemblance and how connected to the multiple HQs and the local subsidiaries experiences being. The role RHQ plays as a link between functions is in line with Craig and Douglas (2000) argument regarding the importance of having a communication system facilitating for information sharing. By using a RHQ in the organization the Company is facilitating communication and information sharing, which creates increased opportunities for resemblance within the organization.

6. Conclusion

This thesis has shown that execution of a MNC's marketing process on regional and local level is facing a struggle regarding whether to approach local adaptation or global standardization. Seen in this study, standardization is desired due to its power to achieve economy of scale, create cost efficiency and distribute a uniform brand worldwide. Yet it is equally important to have the ability to transform and adapt when it is required for the local market. Balancing standardization and local adaptation is facilitated through incorporating a RHQ assisting information sharing within the organization. The execution of marketing processes on regional and local level within a MNC is in this study discovered being done through two different processes (HQ and RHQ driven) and with slightly different procedures.

The empirical evidence emphasizes the importance of enabling elasticity between the standardization and the customization approach in a marketing context. Through the RHQ the MNCs may adjust material considering local knowledge on regional and local level but also distribute centrally produced material globally. Having roles that gives local input for adjustments in the process of creating and implementing marketing communication makes it possible to balance between local adaptation and global standardization. Also the opportunity to configure and be both customizable and scalable creates a constant inquiry that requires communication between stakeholders so as to have all perspectives and inputs taken into account. It is shown that RHQ can play such a role by having mandate to adjust communication to their local markets but at the same time receive standardized materials to be used in the advertising. RHQ is therefore an important player for the balance in the HQ driven process where they have the opportunity to be elastic and create communication from both centrally and locally produced materials.

The RHQ can thereof be seen as facilitator in the execution of marketing initiatives thanks to their balancing role between the centralized and customized approaches. Additionally adding other roles as key players for achieving balance between standardization and adaptation might be appropriate on different levels in the organization. In this study it is for example shown that a key role for the local adaptation is the CM whom is in charge of the local adaptation on subsidiary level. These types of balancing roles enable elasticity in the duality between standardization and local adaptation in the creation of local campaigns and communication.

The communication through these key players is shown in the study to be crucial for the resemblance throughout the process and among participants. Sharing information vertically and having consistent communication between different levels in the organization is absolutely crucial to enable all aspects and opinions to be taken in consideration. The RHQ play an important role also in the context of a communication platform enabling information to be transferred and shared between everyone involved no matter at what level he or she operates. The importance of communication is shown in this study by the consequent consideration of inputs and feedback collected by RHQ from local influencers in order to avoid imbalance and dissatisfaction among stakeholders. At last, having vertically aligned levels of local influences in the organization contributes when emphasizing communication and facilitating it through RHQ to the possibility of being elastic in the duality of global standardization and local adaptation in the execution of marketing strategy in a MNC.

6.1 Theoretical Contribution

There are several theoretical contributions from this study in the field of International Business. First, the findings in this study explain that a facilitator such as the RHQ can be valuable when facing the duality of integration and responsiveness. This is because the facilitator can enable information sharing and assist communication in a global organization, which contributes to greater resemblance. This finding contributes to the field of organizational structure of a MNC as well as the literature regarding the IR dilemma. The conclusion regarding how a RHQ can facilitate the balancing of the IR dilemma on a regional and local level in a MNC contributes to the vaguely researched area of a RHQs role in a MNC. The study adds to the research regarding managing the integration responsiveness duality in the execution of a marketing process in a MNC operating with multiple HQs. The contribution is the finding that a RHQ can enable elasticity through communication for the organization when facing the IR dilemma.

6.2 Managerial Implications

The greatest managerial contribution is the enhanced understanding of how local adaptation and standardization can be managed through RHQ in the execution of a marketing process on a regional and local level within a MNC with multiple HQs. The finding regarding that the marketing execution process can be organized in two ways: HQ driven and RHQ driven can be useful for mangers facing the challenge of the IR dilemma. The two processes can be used as examples of how a company can structure their processes in order to balance local adaptation and standardization. Moreover the findings of how a RHQ can take the role of a facilitator for communication between the subsidiaries and HQ can also be useful for companies when creating their organizational structure and distributes responsibilities within an organization. Since local markets where MNCs operates differs and changes, the findings emphasis the importance of the RHQ ability to take in consideration both local preferences and standardized communication. This is particularly valuable in a marketing context when having to balance between standardization and local adaptation.

6.3 Suggestion for Further Research

Our study refers to the cooperation between HQ, RHQ and subsidiary and the empirical data has been collected from employees based at RHQ and subsidiary in order to capture the executional elements and the impact RHQ has. Explained in the thesis there is one marketing process driven by and created at HQ and it would be interesting to investigate the early stages of this process. Such a study would add understanding of yet another brick in the marketing process of a MNC with multiple HQ and could be done by interviewing key people in the HQ driven process.

In this study resemblance within the organization and between different levels in the Company has been discussed as a part of the execution of the marketing process. Resemblance is shown to be a product of communication between different levels in the organization and facilitates the co-work throughout the process. A deeper investigation of how resemblance and the importance of communication between HQ and subsidiary is increased or decreased by adding RHQ would be of great interest in order to further clarify the intermediary role of RHQs in MNCs. This could be done by apply similar research on other brands and products, on companies in other countries and in other industries. Such studies would also be of great interest in order to research differences and similarities in similar processes operated in another context and environment. If more qualitative studies are conducted regarding the topic the results from those studies will enable the opportunity to conduct a quantitative study and to draw statistical conclusions regarding the research.

Investigation emphasizing how cultural differences can affect the way marketing processes are being implemented could add interesting aspects to the study. Digging deeper in the relational and institutional context and interview people in several countries can be beneficial for this type of study. Another future research would be to take the process with the advertising agency in consideration to get a further understanding of how the material is being created and how external parties affect the process.

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Appendix 1 Interview guide

Describe your background?

Could you, in short describe the marketing strategy process?

→ How is it locally adapted?

→ What's your involvement?

How do you experience the process? Challenges and Opportunities.

→ (Describe the process and who owns the action - draw)

→ What factors do you believe affect the process and how?

→ How is feedback managed?

To what extent do you experience that your ideas and initiatives are taken in consideration?

Describe the relationship and interaction between HQ, HQ Copenhagen and the subsidiaries?

To what extent do you trusting the quality of the work made by other business units?

(Nationally - Internationally)

To what extent do you identify your business unit as a part of the Company's worldwide organization? How dependent is your BU of the rest of the organization?