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Standardisation vs. adaption: a conjoint experiment on the influence of psychic, cultural and geographical distance on international marketing mix decisions

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Abstract: This paper delivers new insights into how psychic, cultural and geographical distance influence international marketing mix decisions on the basis of a choice-based conjoint analysis with 96 managers from Switzerland and Liechtenstein. In this experiment, the managers had to decide whether the *four Ps* of the marketing mix have to be adapted or standardised for international markets (neighbouring country/European country/non-European country). Overall we found that psychic, cultural and geographical distance

have a significant moderating effect on the degree of marketing mix adaptation: the larger the distance towards a market, the more inclined the managers are to make a decision that involves a larger degree of adaptation of the *four Ps* towards the simulated markets. The marketing mix elements *product* and *promotion* tend mostly to be adapted when cultural distance increases, while the elements *price* and *distribution* are more adapted when psychic distance is high.

Keywords: marketing mix; four Ps; psychic distance; cultural distance; geographical distance; internationalisation; experiment; conjoint analysis.

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1 Introduction

Successful products in the national market often fail in international markets, as products developed for more than one international market often fail at least in some of those. Thus, the still increasing globalisation of economies stresses the relevance of an appropriate international marketing strategy (Tan and Sousa, 2013; Bradley, 2005). In the field of international marketing strategies, a still very pressing question is whether to standardise or adapt marketing strategies to foreign market characteristics (Lages and Montgomery, 2004), typically through the *four Ps* of the marketing mix. This means that, for example, the product can be adapted to the specific customer needs of a market – or it can be globally standardised.

Previous research has examined the role of psychic distance in the international marketing decision-making context, especially its influence of the adaptation of the *four Ps* (Cavusgil et al., 1993; Theodosiou and Leonidou, 2003; Sousa and Bradley, 2005; Sousa and Lages, 2011). However, most studies have focused on a limited geographical area. Furthermore, even though some studies consider the cultural aspects (e.g. Clark and Pugh, 2001; Katsikeas et al., 2009; Sousa and Lengler, 2009) and the geographical distance (Child et al., 2009) within their psychic distance scale, no research so far has investigated the roles of all these distances in the international marketing strategy decision process, inducing potentially biased suggestions for international marketing strategy.

Ambos and Håkanson (2014) propose the incorporation of more than one distance measure and clear delimitation of the distance concepts. According to Sousa and Bradley (2008), the delimitation of the distances is critical as previous research has applied cultural distance and psychic distance interchangeably. Furthermore, the incorporation of more than one concept adds additional information about the managers' decisions in regard to their behaviour and attitude towards a market. A detailed understanding of the decisions helps researchers and managers in comprehending the decision process and its influencing factors improving international marketing strategies. Thus, our study includes psychic, cultural and geographic distance effects on the adaptation of the *four Ps* in international marketing decisions.

Most previous studies on psychic and cultural distance applied a questionnaire where the participants were asked to evaluate elements of distance on a five-point (e.g. Clark and Pugh, 2001; Sousa and Bradley, 2008; Sousa and Lages, 2011) or seven-point scale (e.g. Katsikeas et al., 2009). However, managers typically do not evaluate cultural differences on a scale, but rather make their decisions based on a complex interactive system of individual perceptions and experiences. Specifically, managers choose to adapt or standardise marketing mix elements given a specific target country. Additionally, questionnaires often involve the inherent risk of adulterating the answers due to halo effects between the questions, tendencies in answers or the effect of social acceptability. To overcome this bias, we will verify our results by introducing a choice-based conjoint experiment in the field of international marketing and distances. This approach appears more effective, because choices are an integral part of managers' everyday life and therefore tend to show higher validity.

In sum, our paper contributes to research by empirically and quantitatively examining the moderating influence of psychic, cultural and geographical distance on international marketing decisions in terms of product, price, place and promotion using a choice-based conjoint experiment.

2 Theoretical background

2.1 *International marketing strategy*

The past two decades have shown an increased attention to the phenomenon of international marketing strategy in the turbulent global marketplace (Cavusgil and Zou, 1994; Theodosiou and Leonidou, 2003). To ensure the survival and long-term viability of a firm in its international operations, the development of efficient schemes for foreign markets is of fundamental interest to managers who deal with international markets (Theodosiou and Katsikeas, 2001). In order to succeed in today's highly competitive business environment, managers must design international marketing strategies which allow the firm to overcome market threats and exploit the organisation's strengths (Sousa and Bradley, 2005). Since foreign markets are always multiple and diverse, achieving success in international markets is also complicated (Czinkota and Ronkainen, 1998). To cope with the differences between the home market and foreign market, companies have to change many ways of doing business when implementing commercial operations abroad and to develop effective and appropriate strategies for this. International marketing scholars (e.g. Douglas and Craig, 1995; Johansson, 2009) agree that marketing across borders poses special problems owing to the simultaneous operations in multiple environments. And although basic marketing principles still apply, their complexity and intensity still vary remarkably (Terpstra and Sarathy, 2000).

2.1.1 *Standardisation vs. adaptation*

In the international marketing literature, a continuing debate revolves around the extent to which the marketing programme and its elements should be standardised as opposed to adapted in order to fit the characteristics of the foreign market (Cavusgil and Zou, 1994; Zou et al., 1997; Lages and Montgomery, 2004). Adaptation and standardisation are seen as two extremes upon the same continuum, meaning that if standardisation increases, adaptation has to decrease and vice versa (Jain, 1989).

The standardisation of a marketing strategy means that companies offer a common marketing strategy and marketing mix on a regional, national and global level (Sorenson and Wiechmann, 1975; Jain, 1989; Tan and Sousa, 2013). Some scholars argue that the global marketplace has become homogenised enough that multinational enterprises have the ability to market standardised products and services worldwide (Dicken, 1998; Chung, 2003). Standardisation offers advantages of economies of scale in production, promotion, distribution, research and development (Baalbaki and Malhotra, 1995; Jain, 2001), reduces personnel expenses (Sorenson and Wiechmann, 1975) and provides the opportunity to share positive ideas on a global level (Zou and Cavusgil, 2002). More importantly, the standardisation strategy represents more consistent offerings of a firm to its customers and a more constant marketing planning with increased control of the market operations abroad (Quelch and Hoff, 1986; Whitelock, 1987). Nevertheless, many obstacles still arise when a unified marketing approach is chosen. Standardisation critics argue that the hurdles to integrate this strategy are hard to overcome, since consumer needs and preferences, infrastructure and market environments differ (Whitelock and Pimblett, 1997). Even though standardisation has various limitations (Boddewyn et al., 1986), it has received significant attention in research (Jain, 1989; Baalbaki and Malhotra, 1993). This might be due to the centralisation of international marketing management (Boddewyn and Grosse, 1995).

Kashani (1989) points out that there are difficulties in the application of a standardised international marketing strategy. Similarly, Jain (1989) states that “standardization is at best difficult and, at worst, impractical” (p.71). Proponents of adaptation therefore support “market tailoring and adaptation to fit the ‘unique dimensions’ of different international markets” (Vrontis et al., 2009, p.478) and state that the differences between countries and even between regions within a country are insuperable (Papavassiliou and Stathakopoulos, 1997). With this in mind, multinational companies should learn to adjust their marketing strategy and tactics (marketing mix elements) to suit the requirements of the markets (Kashani, 1989; Paliwoda and Thomas, 1998). These differences arise from a number of macro-environmental factors such as climate, topography, culture, society, race, taste, technology, law, occupation (Czinkota and Ronkainen, 1998), nationalism, labour costs, income, levels of education, literacy and taxation (Paliwoda and Thomas, 1998).

As highlighted by Vrontis et al. (2009), both schools of thought appear reasonable, logical and show the benefits a firm can profit from when applying either approach on the international marketplace. They further point out that either position often becomes illogical and unfeasible when looking at their extremes. The reality of marketing in multinational companies is not as polarised as the research community is when it comes to international marketing strategy adaptation or standardisation. In fact, both sub-strategies often coexist, even within the same company, brand or product line (Vrontis, 2003; Soufani et al., 2006). This means that the decision on adaptation or standardisation is not a dichotomy between two exclusive points (Quelch and Hoff, 1986).

2.2 Distance theory

Decision-making of international market entry (Cavusgil, 1998) is taking on a greater focus in research; the complexity and dynamic aspects of the marketing strategy are increasingly linked to the concept of distances (Sousa and Bradley, 2005).

2.2.1 Psychic distance

Beckerman (1956) introduced the term *psychic distance* as an explanation for personal and firm’s preference of business contacts to countries, which result from a “psychic evaluation (fewer language difficulties)” (p.36) and an economic sense. Later work by Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977) made the concept of psychic distance well known when they presented their eminent *Uppsala internationalisation process model*, which utilises the psychic proximity to the domestic market as a key criterion in the selection of target markets. In this model, psychic distance is “the sum of factors preventing or disturbing the flows of information between firm and markets” (Johanson and Wiedersheim-Paul, 1975, p.308) and results from differences in language, culture, education, business practices and industrial development. A broadly accepted approach to defining psychic distance has been put forward by Sousa and Lages (2011, p.203): “Psychic distance can, therefore, be defined as the individual’s perceived differences between the home and the foreign country.”

Unlike Dow and Karunaratna (2006) and Smith et al. (2011), Sousa and Lages (2011) propose a multidimensional scale when measuring psychic distance. This involves the distance between the foreign and home country when it comes to country and peoples’ characteristics. In order to operationalise the concept of psychic distance, the following

seven measurement points were established and utilised in various studies (e.g. Theodosiou and Katsikeas, 2001; Sousa and Bradley, 2006; Sousa and Lengler, 2009; Sousa et al., 2010): (1) climatic conditions; (2) purchasing power of customers; (3) lifestyles; (4) consumer preferences; (5) literacy and education levels; (6) language; and (7) cultural values, beliefs, attitudes and traditions.

2.2.2 Cultural distance

The concept of cultural distance describes the differences between a home and a host country in terms of the basic aspects of culture, including core values, beliefs, customs and rituals, as well as legal, political and economic systems (Hofstede, 1980; Chen and Hu, 2002). As the distance increases, so does the complexity of the internationalisation process of an enterprise, as more and more external elements must be coordinated at the same time (Scott, 1992). The calibrating process to a foreign national culture creates difficulties on both the individual and the firm levels (Barkema et al., 1996).

At the individual level, the differences between a familiar and an unfamiliar environment complicate the internationalisation process: individuals are significantly influenced by the national culture regarding their beliefs, perceptions and behaviour, and so their cognitive processing, contemplation and action differs (Kwok et al., 2005; Kirkman et al., 2006).

At the company level, cultural differences may result in challenges: to settle into the local conditions of a foreign country, some significant adjustments in relation to the organisational structure, processes and coordination are necessary (Johanson and Vahlne, 1977; Gómez-Mejia and Palich, 1997). Cultural differences have a strong influence on the strategic level and can manifest themselves for example in conflict management or strategic decision-making (Adler, 2004; Bouncken et al., 2014). Hofstede defines culture “as the collective programming of the mind which distinguishes the members of one human group from another” (1980, p.21). In order to operationalise and make it measurable, the composite index by Kogut and Singh (1988) was utilised. This index is built on Hofstede’s (1980) four cultural dimensions: (1) power distance; (2) uncertainty avoidance; (3) individualism; and (4) masculinity. The Kogut and Singh (1988) index has been used widely in the research of international business (e.g. Gómez-Mejia and Palich, 1997; Ojala and Tyrväinen, 2007; Hutzschenreuter and Voll, 2008). However, various scholars have become increasingly critical of the index and of Hofstede’s underlying work (Shenkar, 2001), especially with regard to the internal validity of the dimensions and the construction of the numerical scales. However, foreign entry mode research has continued to rely on them “since little progress has been made in developing reliable alternatives” (Drogendijk and Slangen, 2006, p.362). Additionally, the study of Hofstede has some appealing attributes, explicitly, the sample size, the codification of the cultural traits along the numerical index and the emphasis on attitudes in the workplace (Kogut and Singh, 1988). To overcome these potential problems, we additionally measured psychic distance between home and target country according to Cesinger et al. (2014), with the items based on the stimuli underlying the psychic distance as being defined by Dow and Karunaratna (2006). Those stimuli are composed of education, language, industrial development, democracy and religion, and have been transferred into questions, asking the participants to indicate the level of difference between the head office country (country they are employed in) and the target countries (Cesinger et al., 2014).

2.2.3 Geographical distance

The geographical distance between two countries is the most obvious kind of distance and was seen as one of the major influencing factors on commercial exchange very early on (Beckerman, 1956). Today the objectively measurable distance between the home market and a foreign market continues to have a significant influence on the selection process of target markets (Dow, 2000; Clark and Pugh, 2001). At the beginning of the internationalisation process, countries with a low geographical distance are preferred. This can mainly be explained by the transport costs, which increase parallel to the geographical distance and thus have a significant impact on the competitiveness of a product. While the worldwide costs of transport and shipping have indeed fallen in the recent years, the simultaneous increase of complexity and speed has raised overall transaction costs (Hassard et al., 2011). In addition, the spatial separation generates an additional information asymmetry between the headquarters and the subsidiaries in the foreign country (Ghemawat, 2001; Brewer, 2007).

Geographical distance can, for example, be measured either between the capital city of the home country and the capital city of the target country (Jenkins and Mockaitis, 2010) or between the geographic centre of the home country and the geographic centre of the target country (Ojala and Tyrväinen, 2007). Certain factors connected with an increasing geographical distance have a direct impact on the individual, e.g. something as simple as the duration of travel (and any associated time zone shift to the host country) can have a significant effect on the abilities to function on a day-to-day basis (Shenkar, 2001; Jenkins and Mockaitis, 2010).

2.3 Development of hypotheses

Hutzschenreuter et al. (2011) state that “the need to bridge the distance between the loci of extant operations and new local contexts” (p. 307) is the key characteristic of international expansion. Thus, the international marketing strategy as a guideline through the path of expansion becomes a very important success factor for enterprises.

The strategic decision process theory describes how business decisions are motivated and constrained by the cognitions of the environment, resources, organisational structures and personal experiences (Baum and Wally, 2003). As pointed out by Weick (1995), firms comprehend and interpret their environments through the eyes of their managers. Based on this, the decisions within an enterprise are shaped by the managers’ cognitive structures, prior experiences (Weick, 1995; Prashantham and Floyd, 2012) and perceived environmental characteristics of international markets (Cesinger et al., 2014).

The influence of a manager’s perceptions on export activities is firmly rooted in the international marketing literature (Cavusgil and Godiwalla, 1982; Axinn, 1988; Leonidou et al., 1998). As illustrated by previous research, the individual’s perception of geographical (e.g. Johanson and Wiedersheim Paul, 1975; Stöttinger and Schlegelmilch, 1998), psychic (e.g. Evans et al., 2000) and cultural distance (e.g. Cavusgil et al., 1993; Hutzschenreuter et al., 2011) is quintessential in the internationalisation process. The perception of the manager regarding the differences between the foreign and home markets may explain the level of standardisation–adaptation of the international marketing strategy (Martenson, 1987; Sousa and Bradley, 2005). A positive correlation between markets that are dissimilar and the degree of adaptation of the international marketing strategy can be observed generally: standardisation appears more likely where

markets are deemed as similar, while adaptation is preferred when the target market is viewed as dissimilar to the domestic market (Cavusgil et al., 1993; Theodosiou and Leonidou, 2003; Sousa and Bradley, 2005; Sousa and Lages, 2011).

This leads to the following hypothesis:

Hypothesis 1: The greater the psychic distance, the higher the degree of adaptation of the four Ps.

The literature has utilised the cultural distance concept to avoid the complexities of the assessment of market differences (Eriksson et al., 2000; Clark and Pugh, 2001; Evans and Mavondo, 2002). Cultural distance requires change in the organisational structure and processes (Johanson and Vahlne, 1977; Gómez-Mejía and Palich, 1997). Furthermore, cultural differences have a strong influence on strategic decision-making (Adler, 2004).

An overall consensus in the literature can be found that when companies decide to internationalise and enter a new market, the need for adjustment to a foreign national culture arises and they have to be prepared for challenges such as differences in language, lifestyles, cultural standards, consumer preferences and purchasing power (Peñaloza and Gilly, 1999; Alba and Tse, 2001; Sousa and Bradley, 2005). For instance, Buzzell (1968), Sorenson and Wiechmann (1975) and Walters (1986) argue that differences in the cultural environment reduce standardisation. If the product meets universal needs, standardisation is fostered (Levitt, 1988). However, a product that meets (only) unique needs requires greater adaptation to meet the product use conditions of foreign customers (Buzzell, 1968; Keegan, 1969; Still and Hill, 1984).

In order to have feasible sales and growth opportunities, the product must be adapted to the conditions of the foreign market, together with the pricing strategy, packaging and labelling, as well as the promotional approach, which, furthermore, must be customised to fit cultural idiosyncrasies (e.g. symbolism and language) of the market abroad (Buzzell, 1968; Douglas and Wind, 1987; Jain, 1989; Cavusgil et al., 1993).

This leads to the following hypothesis:

Hypothesis 2: The greater the cultural distance, the higher the degree of adaptation of the four Ps.

The role of geographical distance within the pricing decision can be explained by rising costs with increasing distance (Buckley and Casson, 1998; Dow, 2000; Clark and Pugh, 2001). This might be due to the fact that geographic distance is a strong indicator of transportation costs and communication difficulties in international decisions. Nevertheless, geographic distance cannot explain all the situational variability of different markets (Dow, 2000). Amine and Cavusgil (1986) considered in their study the role of personal contacts as crucial within the communication strategy of exports. The participating exporters of their study used “local media, promotional instruments and point-of-sale advertising” (Lado et al., 2004, p.579), which were all evaluated as secondary. For example, trade fairs are a chance to test the new market, get in contact with distributors and gain knowledge about the market’s potential and customer needs (Seringhaus and Rosson, 1998). All these tasks are especially crucial for distant markets in which staying in contact with customers is more difficult.

The link between geographical distance and, for example, the performance or market-entry mode has been discussed in the international business literature (e.g. Aybar and Fici, 2009). Only a small amount of research has focused on the effect of geographic

distance on the marketing strategies of adaptation or standardisation. In general, it seems that the more geographically distant a market is, the more adaptations to the product, pricing, distribution and promotion are made.

This leads to the following hypothesis:

Hypothesis 3: The greater the geographical distance, the higher the degree of adaptation of the four Ps.

The hypotheses are summarised in the conceptual framework shown in Figure 1. Specifically, we propose that the adaptation of the marketing mix elements (vs. standardising them) has an effect on the utility of the overall marketing strategy, given a specific international market. Managers then choose the strategy for the target market that exhibits the highest utility. We therefore included the distance measures of these target markets as moderating effects.

Figure 1 Conceptual framework of the research

3 Methodology

3.1 Choice-based conjoint experiments

We incorporated this conceptual framework into a choice-based conjoint experiment. This approach has its roots in the applied science of marketing research, in which it is used as an experimental technique for measuring consumer trade-offs among multi-attribute products (Green and Srinivasan, 1978; Green et al., 2001; Eggers and Sattler, 2009). In our application, we vary marketing mix characteristics systematically and, subsequently, elicit managerial decisions regarding the best strategy (Green and Rao, 1971; Louviere and Woodworth, 1983; Louviere et al., 2000).

While conjoint analysis is used widely in research fields like psychology and marketing, its use has been largely neglected in internationalisation research (one of the rare exceptions being the Kraus et al., 2015 study on the role of risk in internationalisation decisions). Contrary to previous decision-making studies which are criticised because of their post hoc perspective, conjoint analysis provides a more holistic view and generates more valid decision-taking models (Anderson et al., 2002). Therefore, conjoint analysis can be characterised as a research approach which “is able to handle situations in which a decision-maker has to deal with options that simultaneously vary across two or more attributes” (Luo et al., 2013, p.68).

The choice-based approach is especially suitable in our setting because it mimics the managers’ decision-making processes in the international marketing strategy selection of their companies. This has been highlighted by previous international marketing research, showing the importance of the manager and each individual’s perceptions when it comes to the firm’s export operations (e.g. Sousa and Bradley, 2008). In the literature, it is claimed that the manager’s perceptions of the benefits as well as of the complexities of an export activity are fundamental to the export strategy decision (Axinn, 1988). Similarly, in the field of international marketing strategy research, it was found that the degree to which an international marketing strategy is standardised or adapted is determined by the manager’s perception of the differences with the foreign market (as seen from a home market perspective) (Martenson, 1987).

3.2 Experimental procedure

The *four Ps* of product, price, place and promotion served as our experimental factors. Each element could take two states, representing the extremes on the standardisation–adaptation continuum (Jain, 1989): the standardised strategy and the adapted strategy.¹ This led to a 2⁴ factorial, i.e. conjoint, design. We combined three strategies of the factorial to a choice set and asked managers to indicate the marketing mix that is the best strategy in three different international markets. As markets we used one neighbouring country (representing a low distance), one non-neighbouring but European country (representing medium distance) and one non-European country (representing a long distance). The respondents were allowed to select each given strategy for each country, while a multiple choice of each strategy was possible. This procedure was repeated for eight consecutive choice sets, each presenting a different selection of three systematically varied strategies. An exemplary choice set is shown in Figure 2.

Figure 2 Exemplary choice set (see online version for colours)

If these are the available strategies which one would you choose for the company?			
	Strategy 1	Strategy 2	Strategy 3
Product:	Adaptation	Standardization	Adaptation
Price:	Adaptation	Standardization	Adaptation
Distribution:	Standardization	Standardization	Adaptation
Promotion:	Standardization	Standardization	Adaptation
Best Strategy for a market entry in Austria :	☐	☐	☐
Best Strategy for a market entry in Spain :	☐	☐	☐
Best Strategy for a market entry in China :	☐	☐	☐

To generate a decision context, we created a scenario where the managers had to assume that they were the director of a company headquartered in the country where they are currently employed. Then, they had to imagine that their respective company is active in the same industry, currently plans to internationalise in three countries and that the manager was responsible for this internationalisation. The target countries were randomly chosen from the country sets shown in Table 1.

Table 1 Target country possibilities

	<i>Low distance</i>	<i>Medium distance</i>	<i>Large distance</i>
Country of origin	Neighbouring country	Non neighbouring country	Non-European country
Switzerland	Germany	Great Britain	China
	Austria	Spain	USA
Liechtenstein	Switzerland	Great Britain	China
	Austria	Spain	USA

After the choice experiment, we elicited managers' perception of the target countries' psychic and cultural distance.

3.3 Measures

3.3.1 Psychic distance

Despite the fact that the psychic distance concept has gained great value in theory, the sophistication as well as the operationalisation attempts of the developed measurement methods remain surprisingly limited (Prime et al., 2009). We relied on a measure of the psychic distance that builds upon the study by Dow and Karunaratna (2006) who have attempted to identify the underlying factors (or stimuli) of the psychic distance, while other scholars have insufficiently conceptualised these measures (Prime et al., 2009).

We measured psychic distance between the home country and target country according to Cesinger et al. (2014), with the items based on the stimuli underlying the psychic distance. According to Dow and Karunaratna (2006), these underlying stimuli are composed of education, language, industrial development, democracy and religion. These stimuli were transferred into questions, asking the participants to indicate the level of difference between the head office country (country they are employed in) and the target countries. The indication of difference was done via a five-point Likert scale in imitation of Sousa and Lages (2011). Accordingly, we measured the psychic distance with the items education, industrial development, political system, religion and language.

3.3.2 Cultural distance

Cultural distance was measured according to the measurement of cultural distance proposed by Cesinger et al. (2014), which is measured via four questions asking the respondents to rate the cultural similarity or dissimilarity on a five-point Likert scale. The four questions proposed by Cesinger et al. (2014) consist of items that were utilised by various researchers. The degrees of distance on (1) different routines of task completion, (2) context orientation, (3) directness of communication (Hall and Hall, 1990) and (4) power

distance (Hofstede, 1980) were assessed. The participants were asked to indicate their perception of cultural distance (Luo et al., 2001; Solberg, 2008) with the questions on each of these items on a five-point Likert scale.

Afterwards, the item difference scores were calculated as the cultural distance for each respondent and the respective target countries. Evaluating the cultural distance for every participant separately can be seen as especially suitable for the conjoint setting. This is due to the fact that the data for either the independent variable of cultural distance or the dependent variable of the international marketing strategy decision represent the individual's opinion.

We furthermore included the cultural distance index by Kogut and Singh (1988), as this approach has been used extensively in international business (e.g. Roth and O'Donnell, 1996; Gómez-Mejía and Palich, 1997) and international marketing research (e.g. Gielens and Dekimpe, 2001). Kogut and Singh (1988) determined the value of the cultural distance between two countries as the mean of the deviations along each of the four cultural dimensions by Hofstede (1980) (i.e. power distance, uncertainty avoidance, masculinity/femininity and individualism) of the countries. The deviations are corrected for the differences in the variances of each dimension. This method is referred to in the literature as the Kogut and Singh (1988) index. Equation (1) shows the algebraic formula of their cultural distance index:

$$CD_{ji} = \sum_{k=1}^4 \frac{(I_{kj} - I_{ki})^2}{4 \times V_k} \quad (1)$$

In the formula, I_{kj} stands for the index for the k th cultural dimension of the j th foreign country, I_{ki} is the k th cultural dimension of the i th home country and V_k represents the variance of the index in the k th cultural dimension. The result of the calculation is the cultural distance CD_{ji} between the countries j and i .

We mitigated the shortcomings of Hofstede's (2001) data pertaining to the non-evaluated country of Liechtenstein by using the average of Switzerland, Austria and Germany, based on the distribution of the nationalities within the population of Liechtenstein (National Statistics Office, Principality of Liechtenstein, 2012) according to Ojala and Tyrväinen (2007).

The culturally closest countries according to our Kogut and Singh (1988) index calculations were Switzerland and Germany, which had the value of 0.04. The highest value was 3.24, found between Liechtenstein and China, representing the highest cultural distance of our sample countries.

3.3.3 Geographical distance

We measured geographical distance as the logarithm of the distance in kilometres between the centres of the home country and the target country (Ojala and Tyrväinen, 2007).

First, the geographical distances between the target country and the home country for each respondent were calculated using the geographic coordinates of the countries of the World Factbook (Central Intelligence Agency, 2014). The geographic coordinates include latitude and longitude figures and determine the geographic centre of the country. The distance in kilometres was produced with the haversine formula (Robusto, 1957;

Aybar and Ficici, 2009). It models the distance d in kilometres between the home country i and the foreign country j , using the Earth's radius r (6372 km), the longitude λ in radians and the latitude $\varnothing$ in radians:

$$d_{ij} = 2r * \arcsin \left(\sqrt{\sin^2 \left(\frac{\varnothing_j - \varnothing_i}{2} \right) + \cos(\varnothing_i) \cos(\varnothing_j) \sin^2 \left(\frac{\lambda_j - \lambda_i}{2} \right)} \right) \quad (2)$$

We produced the final independent variable, geographic distance $LnGDist_{ij}$, using the following logarithmic transformation:

$$LnGDist_{ij} = \left(\ln(d_{ij}) \right) \quad (3)$$

The result of the calculation is the geographical distance indices $LnGDist_{ji}$ between the countries j and i . The countries that were geographically closest to each other were Liechtenstein and Switzerland, which had an $LnGDist$ -value of -2.12. The highest value was 2.12, found between Austria and the USA.

3.4 Sample

This study examines the marketing strategy decisions for international markets of firms located in the Swiss economic system, i.e. Liechtenstein and Switzerland. This target group is relevant because both countries have a long history of international trade and are export-based economies. Even though the Swiss economy is much larger, both economies are joined through customs, trade and monetary unions and the same postal code system (Schüßler et al., 2014).

Top management of a firm in particular is responsible for making international business and strategy decisions (Nielsen and Nielsen, 2011). So to guarantee the reliability of the information provided, we selected senior managers as key informants who have general management responsibility for foreign operations or are in an upper management position within the marketing department.

Furthermore, respondents needed to be employed in a company producing or trading consumer goods and, in accordance with earlier research findings, which indicate that consumer goods were adapted more frequently than industrial goods in the field of international marketing (e.g. Boddewyn et al., 1986; Cavusgil et al., 1993; Chung et al., 2012).

We randomly selected 300 consumer goods companies located in Liechtenstein and eastern Switzerland. The respective company websites were used to detect who the executive board members and marketing management were. Between March and April 2014, we contacted potential respondents by email, telephone or in person to ask them if they wanted to participate in this experimental research. An email was sent out to each respondent with a letter explaining the purpose of this research, some background information and the link to the online experiment. In the cases where only a company email address could be located, the message further included the request to forward the email to the executive board members and marketing managers. The potential persons that were identified by the internet research as fitting the respondent profile were reminded of the experiment about ten days after they received the first invitation.

We received a total 94 successfully completed experiments, yielding a response rate of 31.3%. Out of these, 66 experiments were filled out by Swiss managers and 28 by managers from Liechtenstein. Table 2 illustrates the personal characteristics of the remaining respondents.

Table 2 Respondents' personal characteristics

<i>Respondents: personal characteristics</i>			
<i>Criteria</i>	<i>N</i>	<i>Share (%)</i>	<i>Arithm. mean</i>
Total	94	100	
<i>Gender</i>			
Male	76	80.9	
Female	18	19.1	
<i>Age</i>			
Years			48.0
<i>Number of foreign languages</i>			
None	8	8.5	
1 language	30	31.9	
2 languages	31	33.0	
3 languages	20	21.3	
4 languages	5	5.3	
<i>Number of persons in international network</i>			
None	5	5.3	
1–5	10	10.6	
6–10	15	16.0	
11–20	10	10.6	
21–30	14	14.9	
31–50	11	11.7	
More than 50	29		

The employer characteristics of our respondents are provided in Table 3. These are interesting in how they also happen to describe the virtual company for which the respondents were asked to decide the international marketing strategy.

Table 3 Respondents' employer characteristics

<i>Respondents: employer characteristics</i>		
<i>Criteria</i>	<i>N</i>	<i>Share (%)</i>
Total	94	100
<i>Company headquarters</i>		
Switzerland	66	70.2
Liechtenstein	28	29.8
<i>Type of company</i>		
Incorporated company	85	90.4
Non-incorporated firm	9	9.6
<i>Ownership</i>		
Non-family business	30	31.9
Family business	64	68.1

Table 3 Respondents' employer characteristics (continued)

<i>Respondents: employer characteristics</i>		
<i>Criteria</i>	<i>N</i>	<i>Share (%)</i>
<i>Number of employees</i>		
0–9	34	36.2
10–49	24	25.5
50–249	15	16.0
More than 250	20	21.3

The employers of our respondents were mostly incorporated companies and mostly family businesses. This can be explained by the relatively large share of family businesses in Liechtenstein and Switzerland. Furthermore, most respondents were employed in small or medium-sized companies (<250 employees).

4 Results

Decision-making can be based on random utility theory (Manski, 1977), i.e. managers choose the marketing mix strategy in each of the international countries C that provides the highest utility U . In our research context, we assume that the adaptation (vs. standardisation) A of each marketing mix element p provides a part-worth utility β , which is positive (negative) if adaptation provides more (less) utility than standardisation. Moreover, the need to adapt is moderated by the respective distance D of the target country (see Table A1 for the managers' perceived psychic and cultural distances). The overall utility of the marketing strategy is seen in equation (4):

$$U_C = \sum_{p=1}^4 \beta_{A_p} A_p + \sum_{p=1}^4 \beta_{D_{Cp}} A_p + \varepsilon \quad (4)$$

To estimate the part-worth utilities, we integrate the utility function into the multinomial logit model (McFadden, 1974; Louviere et al., 2000; Islam et al., 2007). It models manager m 's choice of strategy i from a set of J alternatives in terms of choice probabilities $prob$ as given by equation (5):

$$prob(i|J) = \frac{\exp(U_i)}{\sum_{j=1}^J \exp(U_j)} \quad (5)$$

Consequently, the estimated part-worth utilities β for the distance measures indicate the impact of distance on manager m 's overall perceived utility of the international marketing mix adaptation and, in turn, their effect on the probability to choose the associated marketing strategy for the foreign country. The estimation results are presented in Table 4.

Table 4 illustrates the moderating effect that distances have on the relationship between marketing mix element and utility (upper part) and the main effects of the marketing mix on the utility of the strategy. The magnitude can be interpreted as follows: the higher the value, the higher the need to adapt the marketing mix; the lower the value, the more standardised the element should be.

Table 4 Estimation results

	<i>Psychic distance</i>	<i>Cultural distance (Cesinger et al.)</i>	<i>Cultural distance (Kogut and Singh)</i>	<i>Geographical distance</i>
Effect on product adaptation	0.1093***	0.1692***	0.1038***	0.1269***
Effect on price adaptation	0.1015**	0.0963***	0.0779**	0.0807***
Effect on distribution adaptation	0.1583***	0.1099***	0.1050***	0.1114***
Effect on promotion adaptation	0.1411***	0.1724***	0.1110***	0.1297***
	<i>Main effect</i>	<i>Main effect</i>	<i>Main effect</i>	<i>Main effect</i>
Product adaptation	−0.2529***	−0.3268***	−0.1258***	−0.0656**
Price adaptation	0.1133	0.1571**	0.2490***	0.3037***
Distribution adaptation	−0.1682*	−0.0336	0.0587	0.1282***
Promotion adaptation	−0.0704	−0.0831	0.1149***	0.1846***
McFadden's R^2 ^a	0.0867	0.0992	0.0844	0.1036

Notes: Values represent the degree of adaptation (the higher the value, the more utility an adaptation exhibits).

Significance: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

^aMcFadden's R^2 is calculated as $1 - \frac{(\text{Log}L(\text{Model}) - \text{par})}{\text{Log}L(\text{Chance})}$, with L indicating

the likelihood value of the model and par equal to the number of parameters.

The positive moderating distance effects illustrate a positive relationship between the respective distance (i.e. psychic distance, cultural distance, geographical distance) and the marketing mix elements adaptation. Specifically, our results show a positive influence of psychic distance on all dimensions of the marketing mix, on product adaptation (Hypothesis 1a: $\beta = 0.1093$; $p < 0.001$), price adaptation (Hypothesis 1b: $\beta = 0.1015$; $p < 0.01$), distribution adaptation (Hypothesis 1c: $\beta = 0.1583$; $p < 0.001$) and promotion adaptation (Hypothesis 1d: $\beta = 0.1411$; $p < 0.001$). Additionally, with an increasing psychic distance, the distribution and the promotion are more strongly adapted to the international market than the product or the price. These results and the respective trends are strongly significant ($p < 0.01$). We find support for all sub-hypotheses (Hypothesis 1a–1d) and thus confirm the main hypothesis of a positive relationship between the psychic distance and the *four Ps* adaptation: a greater psychic distance leads to a higher degree of their adaptation.

In terms of the cultural distance index by Cesinger et al. (2014), we found a highly significant, positive relationship between the cultural distance and product adaptation (Hypothesis 2a: $\beta = 0.1692$; $p < 0.001$), price adaptation (Hypothesis 2b: $\beta = 0.0963$; $p < 0.001$), distribution adaptation (Hypothesis 2c: $\beta = 0.1099$; $p < 0.001$) and promotion adaptation (Hypothesis 2d: $\beta = 0.1724$; $p < 0.001$). Cultural distance has a higher influence on the product and promotion adaptation than on the price and distribution adaptation.

Using the cultural distance index by Kogut and Singh (1988), we also found a positive relationship between the distance and the adaption of the *four Ps*, i.e. product adaptation (Hypothesis 2a: $\beta = 0.1038$; $p < 0.001$), price adaptation (Hypothesis 2b:

$\beta = 0.0779$; $p < 0.001$), distribution adaptation (Hypothesis 2c: $\beta = 0.1050$; $p < 0.01$) and promotion adaptation (Hypothesis 2d: $\beta = 0.1110$; $p < 0.001$). Compared with the adaptation of the other marketing mix elements, the adaptation of price appears to be of lower importance with increasing cultural distance.

The support for all the sub-hypotheses (Hypotheses 2a–2d) using both indices stresses the assumptions in Hypothesis 2. We conclude that a greater cultural distance leads to a higher degree of adapting the *four Ps*. Consequently, a lower cultural distance tends to be conducive to a less adapted or more standardised marketing strategy.

Furthermore, the results show a positive influence of geographical distance on the adaption of each of the *four Ps*: for product adaptation (Hypothesis 3a: $\beta = 0.1269$; $p < 0.001$), price adaptation (Hypothesis 3b: $\beta = 0.0807$; $p < 0.001$), distribution adaptation (Hypothesis 3c: $\beta = 0.1114$; $p < 0.001$) and promotion adaptation (Hypothesis 3d: $\beta = 0.1297$; $p < 0.001$). We find a positive and highly significant relationship with the geographical distance. While the geographical distance has a relatively high influence on the product and promotion adaptation, the effect is lower in terms of distribution customisation and even lower in terms of price adaptation. As all the sub-hypotheses have been confirmed, the main Hypothesis 3 can be supported: greater geographical distance leads to a higher degree of adaptation of the *four Ps* and vice versa.

The coefficients of determination are also presented. McFadden's R^2 -values for the geographical distance (McFadden's R^2 : 0.1036) were the highest, as well as the lowest for cultural distance with the Kogut and Singh (1988) index (McFadden's R^2 : 0.0844). This result indicates that the moderating effect of geographical distances represents the observed data best.²

Figure 3 summarises the estimation results. It specifically depicts the utility of marketing mix adaptation (main effect plus moderating effect) depending on the level of (a) psychic distance, (b) cultural distance according to Cesinger et al. (2014), (c) cultural distance according to Kogut and Singh (1988) and (d) geographical distance. The combined main and moderating effects highlight why the marginal effect of price is generally lower. Specifically, managers perceive that price should be adapted even if the distance is low (i.e. in the home country), so that the impact of distance on the need to adapt the price is lower.

Figure 3 Moderating effect of distances on utility of marketing mix adaptation. (a) Psychic distance. (b) Cultural distance according to Cesinger et al. (2014). (c) Cultural distance according to Kogut and Singh. (d) Geographical distance (see online version for colours)

Figure 3 Moderating effect of distances on utility of marketing mix adaptation. (a) Psychic distance. (b) Cultural distance according to Cesinger et al. (2014). (c) Cultural distance according to Kogut and Singh. (d) Geographical distance (see online version for colours) (continued)

(b)

(c)

(d)

5 Discussion and conclusion

5.1 Summary of findings

This study was motivated by the need to increase the knowledge about whether to standardise or adapt the international marketing strategy to a foreign market through the study of all important distances psychic, cultural and geographical on managers' decisions. To our knowledge, our study is the first that demonstrates the effects of distances via a choice-based conjoint experiment.

The findings of this research refers to three categories: (1) the influence of the distances on the international marketing strategy standardisation-adaptation decision; (2) the methodology of choice-based conjoint analysis for international marketing strategy research; (3) the comparison of the Kogut and Singh index vs. the Cesinger et al. (2014) index in terms of the explanatory power in international marketing standardisation–adaptation decisions.

Our results suggest that all three distances moderate managers' decisions for the standardisation–adaptation of the marketing strategy to a foreign market. In particular, a larger distance, regardless of the type of distance (whether this is psychic distance, cultural distance or geographical distance) leads to a higher adaptation for each of the *four Ps*. These results are consistent with previous research on the psychic distance (e.g. Cavusgil et al., 1993; Cavusgil and Zou, 1994; Sousa and Lengler, 2009; Sousa and Lages, 2011), the cultural distance (e.g. Buzzell, 1968; Douglas and Wind, 1987; Jain, 1989; Cavusgil et al., 1993) and indications from geographical distance research (e.g. Seringhaus and Rosson, 1998; Clark and Pugh, 2001; Leonidou et al., 1998).

However, the distances exert different effects on each of the *four Ps*. A closer examination of the distance concepts reveals that the perceptions of the managers as well as certain environmental factors influence the strategy decision. Psychic distance and the Cesinger et al. (2014) approach for cultural distance investigate the individuals' (or in our case the managers') perceptions of the respective distance. Thus, individual's experiences, motivations and expectations shape the decisions in the international marketing strategy context in addition to the distances. Further external factors affect the decisions, namely the geographical distance and the cultural distance as described by Kogut and Singh (1988). Although external factors are independent of the individual, they influence the perception of the distance and solutions to cope with them. To conclude, our results indicate that for a foreign market that is different in culture or farther away, managers prefer adaptation. On the other hand, the trend towards marketing mix standardisation is stronger the closer the country is and the lower the cultural distance is. Similarly, the subjectively perceived distance of a manager towards a market plays an important role in the decision, as indicated by the results of the psychic distance and cultural distance by Cesinger et al. (2014). In particular, we found a positive relationship between the individual's perceived psychic and cultural distances towards a market and the respective decision on the degree of adaptation. Consequently, the more pronounced the perceived distance towards a market is, whether cultural or psychic, the higher the level of adaptation of the marketing mix elements. Conversely, less pronounced perceived distances (or differences) promote a higher degree of standardisation of the marketing mix elements.

Third, we introduced the method of choice-based conjoint experiments into the investigation of international marketing strategy decisions. The results were significant on all distances and the respondents' decisions.

By using the Kogut and Singh (1988) as well as the Cesinger et al. (2014) approaches to assess the cultural distance towards a foreign country, we can compare the explanation each index gives in terms of the international marketing strategy standardisation–adaptation decision. According to our analysis, the Cesinger et al. (2014) index explains the managers' decisions in our experiment better than the Kogut and Singh (1988) index. The higher accuracy and explanatory value of the Cesinger et al. (2014) approach might be due to the personal assessment, compared to the overall country measurement of the cultural characteristics by Kogut and Singh's (1988) underlying Hofstede values that bases on mean values of national culture. These mean values can be less valid for the manager who can have rich cultural knowledge and experiences influencing his perception of distance.

Finally, we enrich knowledge about managers' decisions in smaller countries. Other survey studies and secondary data sources often tend to pay no attention to small countries, even if firms in these countries have a significant effect in economic terms.

5.2 *Practical and theoretical implications*

Our results help managers in international marketing strategy to better understand their decisions of standardisation–adaptation. They may aid managers in identifying influencing factors that arise from the psychic, cultural and geographical distance, helping to analyse distances and their abilities to cope with it in detail. This refinement of distances brings new critical knowledge, as the decision-makers in international marketing have to assess foreign markets correctly and decide accordingly. Managers need to be aware of the distances' influences on their behaviour and attitude towards a market. Consequently, cultural training, market visits and familiarisation with the market environment can reduce the individual's perceived distance towards a market. Thus, the subjective measure leads to a more 'objective' assessment of the situation, improving decisions as a result.

As the individual's perceptions of the distances critically influence decision on standardisation–adaptation, the information base for the decisions should be gathered thoughtfully. An analysis of the market similarity and the accessibility is crucial; managers need qualitative and quantitative data. Managers can overcome geographical distances via communication technologies easier than years ago. For example, the internet offers various market information, even for very distant markets, along with easier communication to marketers abroad. It provides more opportunities for direct information gathering from local experts and managers. Similarly, modern communication and transportation technologies expand possibilities, reduce costs and even allow SMEs reach customers all over the world. Modern technology decreases psychic, cultural, geographical (or a combination of these) distances to international markets.

Decisions in teams about the international marketing strategy standardisation–adaptation can aid in reducing an individual's distance towards a market. A team of managers with differing cultural backgrounds, experiences and standpoints can broaden

the range of views. The subsequent discussion can lead to a result that is less influenced by a single individual's perceptions and might be more commensurate with the market for the strategy that is decided upon.

In terms of theoretical implications, our results have shown that multiple distances have an influence on the standardisation–adaptation decision in international marketing. We categorise the distance concepts applied in our research into two groups: the personal perceptions of distances (i.e. the psychic distance and the cultural distance by Cesinger et al., 2014) and the distances that are independent of the individual [i.e. cultural distance by Kogut and Singh (1988) and geographical distance]. The debate on personal or country-based data to assess the distances therefore calls for a new approach: a combination of personal and country-specific data. We argue that combination of both approaches is required to better understand the decisions about international marketing standardisation–adaptation.

Furthermore, we found that the geographical distance correlates with the decision on standardisation–adaptation of the marketing mix elements. Therefore, research on international marketing strategies (and possibly even on international business) should emphasise the role of geographical distance. This additional variable can explain decisions, operations and strategies of firms in the international environment.

As for the methodology, we recommend further research on international marketing decisions to utilise choice-based conjoint analysis. This method is closer to the managers' decisions in terms of the choices and therefore leads to higher validity of the results.

5.3 Limitations of research

Some limitations remain with our experiment's data collection. We applied purposive sampling, so results cannot be generalised to a larger population. We included executive board members and marketing managers in our research who, according to previous research, are the strategy decision-makers in an organisation (Nielsen and Nielsen, 2011). However, as other organisational members (e.g. the owner) decide major decisions for international marketing strategies, the results cannot be applied to the opinions and decisions of absolutely all organisational members. Another possible limitation is that we investigated only firms based in Switzerland and Liechtenstein. The findings are generalisable only to some other countries. Nonetheless, generalisations of these findings can be applicable in countries that are in a similar stage of development and experience structural characteristics and export contingencies comparable to those in Switzerland or Liechtenstein. Further, the target countries for which the managers had to decide their marketing strategy did not represent all potential target countries. Therefore, the results are limited to those specific target countries from the perspective of Switzerland and Liechtenstein. Nevertheless, the target countries were chosen randomly for each of the categories (i.e. the neighbouring European and non-European countries). Consequently, the observed trends are likely to be found in conjunction with other countries and markets as well.

Another limitation is the sample of firms biased by the size of the firm. The majority of the firms (78.7%) included in this study are SMEs with fewer than 250 employees. In comparison to larger firms, these enterprises can be more severely affected by the perceived distances because they do not have a large internal resource base from which to draw information, and also because they can be less professional and less systematic in gathering information. Similarly, the firms' smallness terms can lead to a higher

influence of the cultural distance owing to the potentially lower international experience, the more limited resources and higher risk aversion. As for geographical distance, the lower number of (already) existing international subsidiaries and partners can increase distances. For example, the distance from the headquarters to a distant market is larger if no subsidiaries exist in that region. This could furthermore influence the economies of scale.

The sample of firms included in our research was also limited to consumer goods firms. As illustrated by earlier research, these firms more frequently adapt the four Ps to international markets (e.g. Boddewyn et al., 1986; Cavusgil et al., 1993; Johnson and Arunthanes, 1995; Chung et al., 2012). Therefore, our results can be generalised only to companies that produce or deal with consumer goods. In terms of industrial goods companies, standardisation was facilitated because the needs and demands tend to be more similar.

Another potential limitation is related to the measurement through the experiment. The introduction to the experiment, together with the various steps that the participants completed in the course of the experiment, can lead to a common-method bias. We used one single experiment with a purpose-designed questionnaire to measure all constructs involved. As a result, the strength of the relationships between these constructs may have been somewhat inflated. Nevertheless, this effect should be relatively low, as within the experiment the decisions were collected before we measured the perceived distances. Furthermore, as the geographical and the cultural distance by Kogut and Singh were collected through secondary sources, the respondents were not biased in this regard.

A further limitation arises from the simplification of the choices for the marketing strategy for the foreign markets. The strategy was only allowed to take on two states: standardisation or adaptation. This is an oversimplification, as these two states represent two extremes on the same continuum, on which every degree in between is in fact a possible choice. Therefore, it is possible that the respondents have chosen to select an 'in-between' degree of adaptation or a degree of standardisation from which they expect the highest utility.

5.4 Recommendations for future research

In order to increase the generalisability of the results gained in this study, it would be necessary to test the framework by conducting the experiment in other countries and with additional target markets. Additionally, the distances framework can also be utilised for the investigation of other marketing strategy components, such as the integration/interdependence and concentration–dispersion dimensions.

Further investigation of the topic is required to analyse key influencing factors on managers' decisions, e.g. the role of experience, commitment, foreign market entry strategies and performance. Additionally, longitudinal studies can assess the development of the psychic and cultural distance (and the firm's international development) and the way these perceptions change over time. As strategy is a dynamic process, the evolutionary view of the firm would add an additional character to the constructs.

This paper confirms the importance of geographical distance in the international marketing strategy. Tinbergen's (1962) gravity model explains international trade by the geographical distance and the market sizes of the home market and the foreign market. Consequently, not only the geographical distance influences the international marketing strategy decision, but the market sizes as well. This connection is unclear and can stimulate/require additional investigations.

Our results show that various distances influence the standardisation–adaptation decision in international marketing. To our knowledge, no study so far has included geographical distance in their research, which in this study partially explains the rationale for the standardisation–adaptation decision. Consequently, future research that attempts to explain the rationale behind international marketing strategies should include more than one distance in their work.

As stated in the implications, the method of choice-based conjoint experiment increases knowledge on decision-making in international marketing strategy. We emphasise the need of refinements to the experiment. For example, the strategy options from which the participants can choose should be further fine-tuned towards more intermediate choices in order to give the respondent even more realistic options and subsequently to obtain increasingly reliable results.

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Note

- 1 In the questionnaire, we explained for each element of the *four Ps* what adaptation and standardization meant in order to create a common ground for the managers.
- 2 Please note that McFadden's R^2 cannot be compared with the R^2 of linear regression models, i.e. it does not relate to the amount of variance explained.

Appendix A**Table A1** Perceived distances

	Psychic distance				Cultural distance			
	Education	Industrial development	Political system	Religion	Language	Routines of task completion	Context orientation	Directness of communication
<i>Neighbour</i>								
AT (<i>n</i> = 43)	1.93	2.02	1.98	0.74	0.70	1.00	1.14	1.05
Std. dev.	0.59	0.77	0.80	0.90	0.96	0.93	0.94	1.02
CH (<i>n</i> = 15)	1.80	1.60	2.00	0.33	0.53	0.53	0.53	0.53
Std. dev.	0.56	0.63	0.66	0.62	0.83	0.74	0.74	0.74
DE (<i>n</i> = 36)	2.19	2.14	2.39	0.58	0.44	1.11	0.97	1.56
Std. dev.	0.47	0.72	0.65	0.87	0.91	1.06	0.97	1.11
<i>Europe</i>								
GB (<i>n</i> = 50)	2.36	2.48	2.24	0.92	2.10	1.54	1.64	1.78
Std. dev.	0.90	0.91	0.87	0.92	1.02	0.93	0.96	1.11
ES (<i>n</i> = 44)	2.84	3.18	2.86	1.16	2.43	1.77	1.77	1.80
Std. dev.	0.48	0.45	0.77	0.94	0.85	0.71	0.68	0.80
<i>World</i>								
CN	2.93	1.29	3.27	2.76	3.53	2.73	2.98	3.16
Std. dev.	0.94	1.01	0.99	1.13	0.94	1.03	1.01	1.00
USA	2.84	2.33	2.53	1.84	2.20	1.88	2.22	2.14
Std. dev.	0.90	0.97	1.08	1.05	1.08	1.05	1.05	1.23

Notes: Rating from 0 = much better to 4 = much worse (education and industrial development), 0 = much easier to 4 = much harder (political system), 0 = very low to 4 = very high (religion, language and cultural distance measures).