

## Evaluation Within the Scope of Standardization and Adaptation of the Product Decisions Strategies Implemented by Unilever Knorr in the Turkish Market

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### Extensive Summary

#### Introduction

Foreign markets operate at dizzying speeds due to intense competition. For businesses, it is difficult to turn people living in different regions of the world into customers, and to ensure the continuity of the relations developed with these customers. However, businesses who can achieve this are able to become world brands. A business can acquire the strength that will turn into a world brand through the international marketing mix program it implements. In international marketing mix programs, marketing managers take decisions regarding products, price, place and promotion. Within the scope of this study, we focus solely on the product aspect of the mix. As product decisions include global brand creation and global product development, they occupy a critically important place in marketing mix decisions. For this reason, managers of businesses that will be active in foreign markets must decide whether they will attempt to appeal to each market with a standard product, without performing any changes to their current products; or whether they will adapt their products according to the conditions of the country they are trying to appeal to. In this context, businesses follow the *standardization product strategy* in certain markets, while following the *adaptation product strategy* in others. However, by comparing the respective strengths as well as the comparative advantages and disadvantages of the two strategies, businesses must decide the extent they will benefit from each one of these strategies in their products.

A winning approach in the global market is to benefit from each strategy according to the existing the conditions and circumstances. A common approach nowadays is to interrelate these two strategies, and use each one as much as it is necessary. The extent to which a business should adhere to one of these strategies will, fundamentally, depend on the product characteristics, consumer behaviors,

environmental factors and the market structure. In this context, the *mix strategy* involving the implementation of both the standardization and the adaptation strategies was developed as a holistic and integrated third approach. This strategy, which is referred to in the literature as *glocalization* since it represents the combination of globalization and localization (*think global act local*), argues for the necessity of adding a local touch to global products. The current study has two main objectives. The first of these is to identify, examine and evaluate the product adaptation and standardization strategies which Unilever – a fast moving consumer goods company – followed in the Turkish market for its global brand Knorr. The second of these objectives was to contribute to the literature regarding product standardization and adaptation strategies in global markets by providing an example from Turkey.

### **Methodology**

The study was performed using the case study research (i.e. case study) approach, which is a qualitative study design (Yıldırım and Şimşek, 2006). Data collection was performed using the interview method. The interviews were performed with two senior managers assigned in the food department of Unilever Turkey who were knowledgeable about the product strategies being implemented for the dry soup products of Knorr. The interviews were performed in a face-to-face, in-depth interview format at the company's head office in Turkey, located in Istanbul. The interviews lasted for approximately two hours; to save time and prevent any loss of data and, a recording device was used during the interviews. A checklist with a format that was also usable for semi-structured interviews was prepared prior to the interview; this checklist served prevent any digression or important points from being skipped during the interview. Open-ended questions were preferred, and emphasis was placed on the comments of managers, with efforts being made to identify different perspectives. Although the topics and questions to be asked were determined beforehand; depending on the answers provided by the participants during the interview, spontaneous questions that were not part of the interview form were also asked. An effort was thus made to capture every detail regarding the subject.

As the study involved the evaluation of product strategies implemented by Unilever, a fast moving consumer goods company, in the Turkish market for its world brand Knorr dry soup products; the findings of the study were limited in scope, and are not generalizable for other businesses operating in the same area. However, we believe that the product strategies implemented in Turkey for Knorr, a successful global brand, will not only contribute to the literature, but also serve as a guide for Turkish businesses willing to operate in the global market.

### **Discussion**

In the present-day world, the winning approach for businesses interested in operating beyond national borders is to follow a mix strategy in which product adaptation and standardization strategies are not considered independent from one another, and in which both approaches being used as much as necessary in a complementary fashion. This mix strategy involves a “*think global act local (glocalization)*” approach for businesses. “Think global” describes the business' adoption of a broader vision in activities conducted at the international stage, and the creation of standard products that will be accepted worldwide. “Act local”, on the other hand, describes the business' creation of products that include a localized and country-

specific touch, based on the consideration of the local values of each country across the world in which the business conducts activities. In this context; the aim of our study was to identify, examine and evaluate the product adaptation and standardization strategies which Unilever – a fast moving consumer goods company – implemented in the Turkish market for its global brand Knorr.

As Knorr is part of the food sector, the external factor which has the greatest influence on this brand is the cultural environment. When we look at soup as product, it is possible to see that there is no single worldwide definition for soup. Certain foods considered as soups in Turkish culture are described as stews in other countries, with the opposite being applicable for other foods. For instance, the goulash dish in Russia is known in Turkish cuisine as goulash soup. On the other hand, stews made with seafood and legumes are considered as soups in Portugal. For this reason, Knorr takes into account the different cultural approaches prevailing in the markets it enters, and conducts its activities accordingly.

The fact that Turkey is an agricultural country is of great benefit for Knorr, since it makes extensive use of dried vegetables in its dry soups. Nearly 85% of Knorr's purchases are made from the domestic market, which prevents any time loss and allows cost saving. In Turkey, tomatoes are collected directly from the fields, and dried by using only sunlight. Since this practice directly and favorably affects the taste of the products, it also increases the consumer appreciation towards them.

In every market it intends to appeal, Knorr adopts a consumer-oriented approach by giving substance to the concept of modern marketing. Knorr's ability to create tastes suitable for the Turkish palate has played an effective role in the appreciation and acceptance of its dry soups within the Turkish market. The most important indication of this is Knorr Turkey's presentation of a broad range of both classical and traditional dry soups to its customers. With its fourteen different varieties of regional dry soups, Knorr Turkey is currently aiming to present tastes that genuinely reflect the Turkish culture. Knorr has revived and included among its regional soups recipes originating from the palace cuisine of the Seljuk and Ottoman periods. In addition, soups associated with the cuisines of the Central Anatolia, Aegean, Mediterranean and Southeastern Anatolia regions, as well as traditional soups characteristic of provinces such as Gaziantep and Bursa that occupy a prominent place in Turkey cuisine, have also been included into Knorr's range of traditional soups. It is possible to see that, within the scope of its activities, Knorr Turkey has developed regional tastes by taking into culture account. On the other hand, in its classical soups, Knorr endeavors to satisfy the taste preferences of its target customers in the market through minor localizations, and without deviating too much from the standard recipes used by its chefs.

In its product strategies, Knorr Turkey avoids choosing an approach that is based solely on adaptation or standardization; instead, based on the demands of its target customers, Knorr Turkey benefits from both strategies as much as necessary. Consequently, it follows a mix strategy that jointly utilizes, in a complementary manner, both the standard global approach regarding its products, and the local approach developed according to the specific demands of the market it appeals to. Thus, as a global company, Knorr Turkey demonstrates a glocal strategy with local touches.

Adopting the integrated and flexible strategy of *glocalization* (*think global act local*) when developing international marketing mix program by taking into

consideration the benefits of both standardization and adaptation in their product decisions will allow businesses in global markets to also become winners in global competition.