EVIDENCE OF A GLOCAL MARKETING STRATEGY: A CASE STUDY IN THE BRAZILIAN TELECOMMUNICATION MARKET

Viviane Yamasaki - viviyamasaki@hotmail.com
Escola Superior de Propagada e Marketing (ESPM/SP)
Rua Dr. Álvaro Alvim, 123, Vila Mariana, 04015-013 São Paulo/SP, Brazil

Thelma Valéria Rocha – tvrocha@espm.br
Escola Superior de Propagada e Marketing (ESPM/SP)
Rua Dr. Álvaro Alvim, 123, Vila Mariana, 04015-013 São Paulo/SP, Brazil

Paulo Duarte – pduarte@ubi.pt
University of Beira Interior
NECE – Research Unit in Business Sciences
Estrada do Sineiro, Edifício Ernesto Cruz, 6200-209 Covilhã, Portugal

Susana Costa e Silva[1] - ssilva@porto.ucp.pt
Universidade Católica Portuguesa
Rua Diogo Botelho, 1327, 4169-005 Porto, Portugal

Abstract

Adaptation versus standardization dilemma has been coined as a major issue within the international marketing literature for the past fifty years, and academic research has showed that the extreme positions were unbearable and that the virtue lied in a middle position between these two positions. This opened space for another stream of research devoted to analyze and discuss the level of control and autonomy that Multinational Enterprises (MNEs) should grant to their subsidiaries.

In this paper, we analyze the impact of subsidiaries' capacity to innovate in marketing in an emerging economy. Thus, the main purpose of this study is to explore marketing autonomy in Multinational Enterprises' subsidiaries to innovate and develop new products and services to the Brazilian telecommunications market.

Using the grid proposed by Lasserre, several interviews to senior managers of Telefónica were conducted in order to evaluate the level of autonomy of Telefonica's

[1] Corresponding author

Brazilian subsidiary. The results show that Telefónica uses a glocal approach, since its subsidiary has autonomy to create and adapt its products when the headquarters recognize that global decisions might not meet local demands. Despite being a single case study, Telefóncia is a giant in the telecommunication sector, operating in numerous countries, thus the current insights on the way the company runs global operations may be helpful not only for researchers but also for other companies.

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INTRODUCTION

Global competition requires international business strategy, which would demand companies an effective internal strength over opportunities and challenges encountered at international borders (Verbeke, Li, & Goerzen, 2009).

The role of subsidiaries has been frequently emphasized in the international business literature (e.g. Foss & Pedersen, 2004; Frost, Birkinshaw, & Ensign, 2002). Analyzing the complex reality of the multinational companies (MNC), with many subsidiaries spread around the world, we observe the organizational challenge of develop new products and brands in the headquarters and also in the subsidiaries. Research indicates that the ability to launch new products and fast innovations are one main source of competitive advantage for multinational companies (Boehe, 2007; Naranjo-Valencia, Jiménez-Jiménez, & Sanz-Valle, 2011; Venaik, Midgley, & DEVINNEY, 2005).

In literature, four concerns faced by managers and companies on the internationalization process are highlighted. The first is the difficulty of the organization to cater with habits, traditions and wishes of consumers that differ from country to country. The second is to standardize the products whenever possible in order to take advantage of the economies of scale. The third challenge is to create and cultivate organizational values that are common to people of different nationalities within the same organization, and finally the fourth is the task of giving subsidiaries sufficient autonomy so that they can adapt to the foreign country (Gammelgaard, Mcdonald, Tüselmann, Dörrenbächer, & Stephan, 2011; Paterson & Brock, 2002; Smith, 2012).

In this context, global companies' subsidiaries could be regarded as a "network", where innovation is generated in many parts and transferred to several inter-related units (F. M Borini, De Miranda Oliveira, Silveira, & De Oliveira Concer, 2012; Minbaeva, Petersen, Björkman, Fey, & Park, 2003). In the case of Brazil, Boehe (2007) indicates that the research regarding the development of new products in multinationals has considered the autonomy of the subsidiaries regarding the headquarters as a relevant variable in the process.

The objective of the present work is to examine the influence of subsidiaries' ability to innovate the marketing in an emerging economy, such as Brazil, by analyzing the factors that influence the marketing autonomy to innovate in developing new products in the telecommunications market. Innovation is not an exclusive of headquarters but takes place also at the level of subsidiaries, mainly to exploit the competitive advantages of each country (F. M Borini et al., 2012). In this sense, the relationship between standardization, global integration and local adaptation in the telecommunications market in Brazil embody the core subject of this research. The main question of research is to analyze the marketing autonomy of Telefónica Negócios (TNB) in the Brazilian telecommunication market. The company chosen for the case-study analysis is a division of the Brazilian subsidiary of Spanish company Telefónica, focused on small and medium-size companies segment. Telefónica Brazil is currently the market leader in its sector.

The paper is structured as follows: there is an initial literature review on global standardization and local adaptation followed by the presentation of the case-study and its analysis, based on the theoretical background, namely on the global integration/local responsiveness grid proposed by the Lasserre (2007). Finally we discuss the findings.

STANDARDIZATION, INTEGRATION AND LOCAL ADAPTATION

The concept of globalization of business activities is well known phenomenon that has spread enormously among scholars and practitioners. The concept of global is used in different contexts, and marketing is not an exception. For example, many scholars use the concept of global marketing (Cavusgil, Knight, & Riesenberger, 2011) and global marketing strategies have been a popular topic among scholars and practitioners for some decades and have been used and applied among executives in international and multinational corporations. Transnational similarity in regulatory issues, traditions, consumer's characteristics, and stages of the product life cycle, the level of competitive intensity and the nature of the industry, such as in cases of high technology intensity and speed, lead companies to standardize their marketing strategies in several countries (Katsikeas, Samiee, & Theodosiou, 2006; Yip & Hult, 2011).

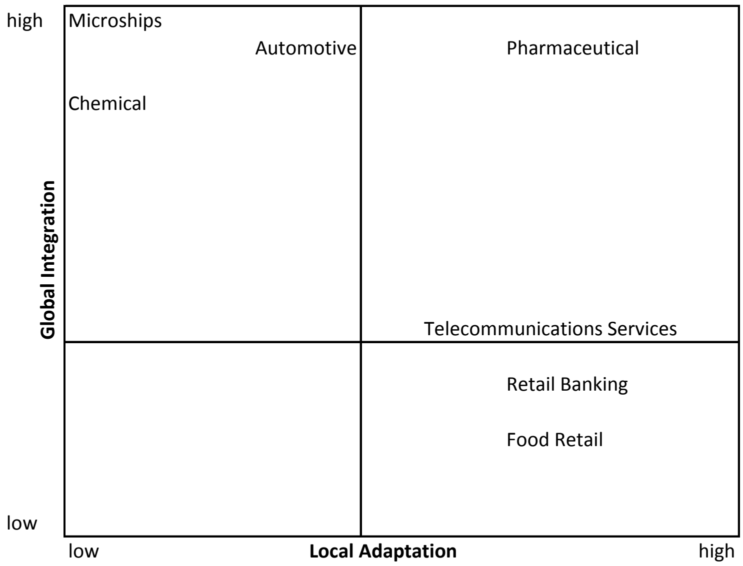
Standardization is suitable in situations of high similarity of markets; demand for equivalent products and services worldwide, products with similar characteristics and the need for convergence on quality and performance. The standardization strategy provides several benefits, like cost reduction through economies of scale, better planning and control over production and processes and competence in establishing and developing a coherent and global brand (Cavusgil et al., 2011).

However, it is noteworthy that despite the fact that standardization offers economies of scale, this can also lead to a reduction in sales when headquarters' strategy is inconsistent with the subsidiary's market environment (Lim, Acito, & Rusetski, 2006). Sometimes marketing activities have to be adapted to local conditions, characteristics, and circumstances in the marketplace. Therefore, it is not suitable to apply a global marketing strategy, since locally related issues of the marketing activities normally have to be taken into consideration in the marketplace as pointed by (Daft, 2000)

Katsikeas et al. (2006) approach the subject, showing that companies might standardize their marketing strategies if, for example, the regulatory condition, habits, traditions and characteristics of consumers are homogeneous across borders. However, other researchers do not agree with these results. For instance, Evans, Mayondo, and Bridson (2008) show that the adaptation of marketing strategies in foreign countries that are culturally distant have a negative effect on the company's performance, since to effectively compete in global markets, companies need to reach critical dimensions that allow them to achieve significant scale economies. This objective can be reached through the integration of global and local strategies, in what is termed a glocal approach, meaning that companies should think globally but act locally (Taylor, 1991).

Lasserre (2007) proposed a mixed approach by distinguish globalization and localization as the two sets of forces that shape the competitive structure of industry and induce companies to set up their businesses throughout the world, with a mix of coordination, integration and decentralization. These differences are due to the specific reality and objectives of companies, but in general, global integration is aimed at overall efficiency, synergies and scale gains, while local responsiveness aims to meet the particularities of the local market (Cavusgil et al., 2011; Vrontis, Thrassou, & Lamprianou, 2009; Yip & Hult, 2011). This mix varies across industries as can be seen in Figure 1.

Figure 1 Global Integration and Local Adaptation



Source: (Prahalad & Doz, 1999)

In the case of marketing, headquarters of Multinational Companies (MNC) are well known for establish a Global Marketing Strategy (GMS) which is subsequently transferred to subsidiaries, driving their Marketing activities (Jain, 1989). Global marketing strategy has, according to (Zou & Cavusgil, 2002), three major perspectives (

Table 1). The first view is the standardization perspective suggests that there is a convergence of cultures, demand is getting similar around the globe, trade barriers are getting lower, there are technological advances and firms are displaying a global orientation in their strategy (Cavousgil, Zou, & Naidu, 1993; Jain, 1989; Katsikeas et al., 2006; Laroche, Kirpalani, Pons, & Zhou, 2001; Levitt, 1983; Samiee & Roth, 1992).

A second major perspective of global marketing strategy focuses on configuration and coordination of a firm's value chain activities (Craig & Douglas, 2000; Porter, 1991; K. Roth, Schweiger, & Morrison, 1991). According to this view, global marketing strategy is considered as exploit the synergies that exist across different country markets as well as the comparative advantages associated with various host countries.

In the third perspective of global marketing strategy, the key for the success is gaining competitive strength by integrating its activities and developing innovation that adds value to the multinational network (F. M Borini et al., 2012). The need for integration was proposed by J. Birkinshaw, Morrison, and Hulland (1995), Yip and Hult (2011) and Zou and Cavusgil (1996) and sustains that in a global industry operations in different countries are interdependent and thus, the company should be able to subsidy the operation in one country with resources obtained in other countries. Håkanson and Nobel (2001) showed that integration is one of the key factors for the transference of knowledge between parent company and subsidiaries.

Table 1 – Perspectives on Global Marketing Strategy.

Perspective	Advantages	Key Variables	Antecedents	Effects
Standardization perspective (Jain, 1989; Levitt, 1983)	- Scale Economies - Low-cost - Simplification	- Product Standardization - Promotion standardization - Standardized channel structure -Standardized price	- Convergence of cultures - Similarity of demand - Low trade barriers - Technological advances - Firm orientation	- Efficiency - Consistency - Transfer of ideas
Configuration coordination perspective (Craig & Douglas, 2000; Porter, 1991; K. Roth et al., 1991)	- Comparative advantage - Interdependency - Specialization	- Concentration of value-chain activities - Coordination of value chain activities	- Low trade barriers - Technological advances - Orientation of the firm - International experience	- Efficiency - Synergies
Integration perspective (J. Birkinshaw et al., 1995; Håkanson & Nobel, 2001; Yip & Hult, 2011; Zou & Cavusgil, 1996)	- Integrated production in subsidiaries - Rationalization - Global competitive environment idea	- Global movements integration - Global market participation	- Low trade barriers - Global orientation of the firm - International experience - Integrated markets	- Efficiency increase - Integration as international strength

Adapted from Zou and Cavusgil (2002, p. 41)

The integration perspective recognizes the necessity for locally related issues of business activities in the different markets targeted, but worldwide diffusion is the ultimate ambition. This means that marketing strategies based on the integration perspective strive to maximize standardization, homogenization, similarity, concentration, dependence, synchronization, and integration of marketing activities but acknowledge the potential necessity for adaptation, tailoring, difference, diffusion, independence, flexibility, and separation of marketing activities.

The organizational choice between standardization and other strategy depends on several factors, such us similarities between countries, cultural differences, social factors, legal or regulatory issues and product characteristics (Klippel & Boewadt, 1974). In the internationalization process, companies need to find the balance between standardization, integration and localization of their business global strategy, and at the same time use the same approach at marketing strategies level

(Julian Birkinshaw, 2001; Cavusgil et al., 2011) and eventually use different strategies in different markets based in the degree of similarity between them.

The global marketing strategy articulates the degree in which a marketing program changes in various foreign markets. The greatest challenge for organizations is whether to adapt or standardize their marketing elements in the various markets (Cavusgil et al., 2011). Usually the responsibility for implementing the local marketing program lies within the marketing unit of the foreign subsidiary (Hewett & Bearden, 2001) in order to adapt the global marketing program to satisfy the needs of customers of a particular location which, as stated before, can lead to competitive advantage (Smith, 2012). If a product or service is to be adapted by the subsidiary, local knowledge development is necessary (Amatucci & Mariotto, 2012) since the adaptation demands a local structure prepared in the knowledge to cope with the challenges to attend to local market demands. The foreign subsidiary must act as a specialized collaborator in a wide geographical area, with narrow functional responsibilities. This moderate or high subsidiary autonomy depends on the headquarters (Lim et al., 2006). According to Vachani (1999), autonomy for marketing and human resources (HR) decisions in subsidiaries is higher than for finance and research and development (R&D) activities. This can be explained by the need of local responsiveness of the marketing and HR actions because of the need of particular knowledge of local culture and habits.

The decision whether to standardize or adapt is not necessarily dichotomous. Quelch and Hoff (1986) suggest that it is necessary to adapt certain tactics and standardize others, in order to achieve an optimal degree of efficiency. An alternative adopted by companies as a way to keep the product concept "global" and some of its advantages is to develop a platform strategy for a number of product markets. Thus, maintaining a common base it is possible to adapt some attributes over this platform to differentiate products in end markets (Dias & Salerno, 2009; Muffatto, 1999; Robertson & Ulrich, 1998) and by this way meeting the requisites of a Glocal approach.

The very opposed strategy to standardization is local adaptation, which seeks to better meet the needs of customers in a given country. Vrontis et al. (2009) argue that cost minimization is not the only factor that companies should take into account when considering the localization versus standardization options. Companies have become more consumer-oriented and techniques were produced and applied to determine and content consumers' needs. The option for the localization strategy may be done in various aspects to assure better acceptability of products and services, more adjusted to local laws and regulations and to economic conditions (income, prices, inflation).

Sometime the product's image has also to be rethought. Companies have to adapt the image and positioning of products in foreign countries to face the cultural distance, cultural individualism, socioeconomic differences and intern market competition (M. S. Roth, 1995). Additionally, companies may have to adapt their advertising, their branding strategy, and their sales force to foreign countries reality. These might be an opportunity if there is high competition intensity and long transport time to the foreign country.

Adaptation is also mandatory when there is a high dependence on exports, a high degree of international product adaptation practiced in industry and large transnational differences in the business environment, (Calantone, Kim, Schmidt, & Cavusgil, 2006; Leonidou, Katsikeas, Palihawadana, & Spyropoulou, 2007; Zou & Stan, 1999).

Researches emphasize that access to local technology and the ability of capturing local preferences, enabling the expansion of products in foreign markets are the main drivers of this local adaptation strategy. Additionally research also suggests that adaptation can leverage incomes (Shoham, 1996). The author investigated the effect of these strategies in the case of international adaptation. This study found that international adaptation generates better financial results than costs reduction derived from economies of scale.

In synthesis, competitiveness cannot be achieved without some of the benefits of standardization, of global integration, of coordination and flexibility and of adaptation to local reality. International marketing strategies can be formulated in the headquarters, in the subsidiary, or both places but subsidiaries should develop competences that are of strictly local interest (Rugman & Verbeke, 2004) to respond to local specificities, regulation and consumer demands (F. M. Borini & Fleury, 2011; Dunning & Lundan, 2008). Empirical research with managers of foreign subsidiaries in Brazil found that local adaptation supports local marketing autonomy for products development (Thelma Valéria Rocha, Borini, & Spers, 2010).

Several studies considered the reasons for products development activities and innovation efforts being transferred from headquarters to their local subsidiaries (Chiesa, 2000; Dunning & Lundan, 2008; Florida, 1997; Gassmann & Von Zedtwitz, 1999; Von Zedtwitz & Gassmann, 2002). Julian Birkinshaw and Fry (1998) showed some successful examples of new product developments on subsidiaries revealing that developing new capabilities in the multinational network straightens corporations' global reach.

METHODOLOGY

According to Yin (2008), the case study is the method adopted to analyze contemporary events. In essence, a case is regarded as best suited to answer how and why" questions that "deal with operational links needing to be traced over time. Given this definition, the present research aims to clarify a decision or set of decisions about the marketing autonomy in Telefónica Negócios Brazil's subsidiary.

The study uses qualitative research and the single case study method. The company chosen was the Telefónica Neg\ócios Brazil (TNB), a subsidiary of the Spanish telecommunication company Telefónica.

Product, marketing and company innovation managers were interviewed to collect data. In addition, In addition, secondary data on the company figures was also collected by one of the researchers who have previously worked for the company.

A structural interview was used to assess the degree of standardization versus localization strategy adoption of TNB, based on the model by Lasserre (2007). The interviews were taped and transcript for analyses.

The choice of the single case-study method is justified by the: (I) huge representativeness of the company for the sector and its condition as concessionaire in the state of São Paulo (II) access to executives and employees; (III) Researcher inside knowledge of the organization; (IV) authorization to publish the results.

For data collection, in-depth interviews with key actors in TNB were performed. The structured interviews were conducted face-to-face with senior managers of several departments under the marketing structure to investigate the relationship between global integration strategy and local adaptation in the telecommunications market in Brazil.

The single case study is justified because this field is unique (Yin, 2008). Telefónica Negócios is a major player in the telecommunications market in the state of São Paulo, since the Spanish multinational subsidiary is the only provider in the small and medium-size segment, with 75% market share in 2011.

THE COMPANY

Spanish Telefónica, is one of the world leader's integrated operator in the telecommunication sector, providing communication, information and entertainment solutions, with presence in Europe and in Latin America. Telefónica is present in 24 countries and has an average of 126,500 professionals serving more than 313,8 million customer. Consolidated revenues on September 2012 reached 46.519 million euros.

Telefónica has one of the most international profiles in the sector with 76% of its business outside its home market and a reference point in the Spanish and Portuguese speaking market.

In Latin America, Telefónica gives service to more than 210.1 million customers as of the end of September 2012 becoming the leader operator in Brazil, Argentina, Chile and Peru and has substantial operations in Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Mexico, Nicaragua, Panama, Puerto Rico, Uruguay and Venezuela. In Europe, on top of the Spanish operations, the Company has operating companies in the United Kingdom, Ireland, Germany, Czech Republic and Slovakia, providing services to more than 102.9 million customers as of the end of September 2012.

Telefónica stands in eighth position in the worldwide Telecommunication sector in terms of market capitalization, the first as an European integrated operator and in fifteenth position in the Eurostoxx 50 ranking, composed of the major companies in Europe (September 30th 2012). Telefónica is listed on the main Spanish and foreign stock markets and has 1.5 million direct shareholders according to separate records in favor of individuals and corporations.

Telefónica Vivo is the largest telecommunications company in Brazil, with 91.9 million customers, of which 76.8 million in the mobile business in which holds the largest market share (29.67%) nationwide.

The company under analysis in this research is Telefónica Negócios Brazil (TNB), a division of Telefónica Vivo. TNB is located in the State of São Paulo. TNB is the headquarters of a wholly owned subsidiary of the Spanish company Telefónica, which was established in Madrid on April 9, 1924. The co2mpany entered Brazil in late 90'sthrough the acquisition of Telesp (Telefonica, 2011).

Since then TBN became the only concessionaire company in the telecommunications market in the state of São Paulo (SP). Brazil's participation represents 14.8% of the global revenues of the Spanish group results. In Brazil, Telefónica directly employs 84,355 persons and has 49,000 outsourcers in the entire group, which is formed by the following companies: Telefónica SP, Atento, A.Telecom, Terra, TGestiona, TESB, Telefónica Internacional Wholesale Services (TIWS) and VIVO (telefónica, 2010).

The Telefónica subsidiary in Brazil is structured into three vice presidencies (VP).

The Residential VP is intended to serve the residential public, the Business VP (TNB) is intended for small and medium-size companies and Companies VP (CVP) is intended for large companies, as shown in the figure below.

This study will examine the TNB, a division established in November 2000 focused on small and medium-sized companies. As in 2011, TNB had 75% market share in the telecommunications market in the state of SP among the segment, being the major company operating in the sector. The company has the concession for telecommunications in the state of São Paulo, regulated by ANATEL (National Telecommunications Agency), responsible for licensing, regulation and the supervision of Brazilian telecommunications.

RESULTS AND DISCUSSION

This study evaluates TBN strategies in Brazil, considering global integration or local adaptation strategies (Aydin & Terpstra, 1981; Cavusgil et al., 2011; Kotabe & Omura, 1989; Zou & Cavusgil, 1996). According to respondents, the Telefónica Business has full autonomy to develop its product portfolio and marketing planning. The marketing manager stated:

"Autonomy is total! Of course, we have to coordinate activities with other company departments (product planning, legal, accounting …) and inform the headquarters, but we have total autonomy to decide the products variables and strategy".

The products are developed locally, and autonomy is justified by differences between Telecommunications markets of Brazil and Spain, and among the Latin American countries, besides the strong influence of the regulatory factor.

"They (headquarters) interfere very little. They trust in our expertise, market knowledge and our good sense"

In order to positioning TNB strategy, the global integration/local responsiveness grid of Lasserre (2007) was used. Respondents assign a score ranging from 1 to 5 to each question. Responses from six TNB executives were collected in order to apply the Grid (see

Table 2 and

Table 3).

Table 2 - GLOBAL INTEGRATION SCORE

		Respondent						
		I	**II**	**III**	**IV**	**V**	**VI**	**Mean**
A	To what extent customers have similar demands for functionalities and design across countries	4	4	3	4	1	4	3,33
B	To what extent products or services have a high proportion of standard components across countries	2	3	2	3	2	2	2,33
C	To what extent customers (or distributors) are themselves operating in different countries and are buying centrally your products or services	1	2	1	1	2	1	1,33
D	To what extent significant economies of scale in your industry are important for the cost of the product (i.e. one needs very high volume to obtain low cost)	2	2	3	4	3	2	2,67
E	To what extent the speed of introducing new products worldwide is important for competitiveness	3	3	2	3	2	3	2,67
F	To what extent the sales of your product or service are based on technical factors or alternatively on cultural factors	1	1	1	2	1	2	1,33
G	To what extent experience gained in other countries by a 'sister' subsidiary can be successful if applied in other countries	5	3	2	2	2	2	2,67
H	To what extent competitors in your industry operate in a "standardized" way across countries and are successful in doing so	1	2	1	2	1	2	1,50
I	To what extent customers 'behave' the same way across countries	2	3	2	4	1	2	2,33
J	To what extent innovative activities (R&D, design) require concentration of expertise in order to be effective (critical mass)	2	2	3	1	2	2	2,00
	Mean	2,30	2,50	2,00	2,60	1,70	2,20	
				GLOBAL INTEGRATION SCORE				**2,22**

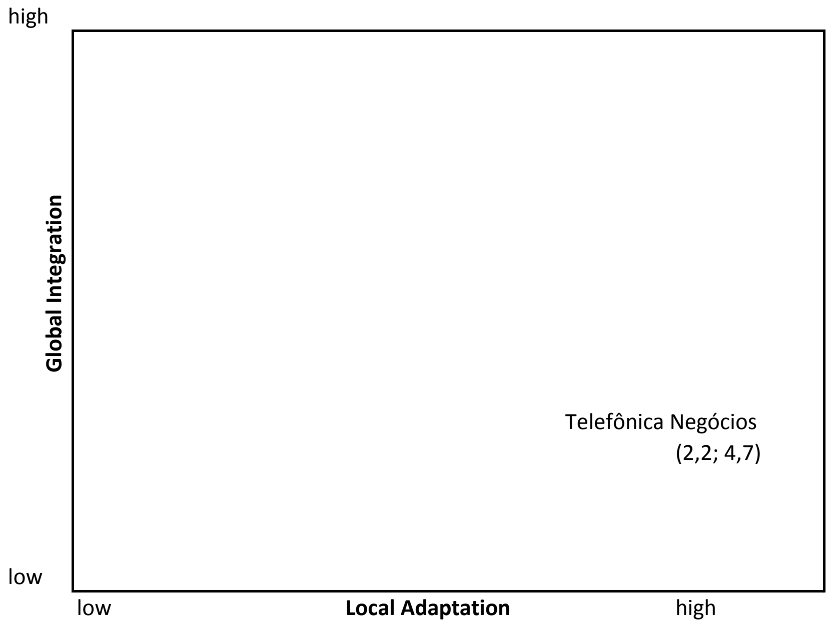
Table 3 - LOCAL RESPONSIVENESS SCORE

		Respondent						
		I	**II**	**III**	**IV**	**V**	**VI**	**Mean**
K	To what extent pricing can be different from country to country without introducing dysfunctionalities	5	5	4	5	4	3	4,33
L	To what extent distribution channel management differs from country to country	5	4	5	5	5	5	4,83
M	To what extent business regulations and contexts differ from country to country requiring a high degree of local practices	5	5	4	5	5	5	4,83
N	To what extent products or services require a high degree of interaction with customers (customization)	5	5	4	5	5	4	4,67
O	To what extent transportation costs or customer interface are such that local operations are needed	5	4	5	5	5	4	4,67
	Mean	5,0	4,6	4,4	5,0	4,8	4,2	
				LOCAL RESPONSIVENESS SCORE				**4,67**

The application of the Global Integration/Local responsiveness Grid to TNB show that the company scores high in local adaptation (4.7 points on the scale) versus global integration (2.2 points). Since the maximum of the scale was 5, the grid results suggest that TNB follow mainly a localization strategy, as it scores low in the global integration dimension. In line with the presence of autonomy,

Figure 2 shows the graphical representation of the Lasserre (2007) model.

Figure 2 Global Integration, local adaptation positioning



On this issue a manager told the interviewer that:

"*I think that nowadays TNB is fine. It has achieve the equilibrium between global integration and local adaptation"*

This balance is not easily understood in face of the results since the model of Lasserre (2007) model shows that TNB scores higher in local adaptation. Our explanation for this incongruity between the manager view and the grid scale results is that agility in launching new products and services is essential to the TNB business. Competition in this market has grown substantially in recent years with the presence of new entrants. In 2006, the market share of Telefónica was 90%, but six years later had dropped to 75%.

In fact another manager indicated that:

"Telecommunication is a very dynamic market and highly competitive"

Globally all managers ported NET and GVT as the main and more serious competitors.

"Who is worrying us now is GVT… GVT is growing enormously!"

Managers consider that a delay in product or service development can jeopardize the client's engagement, as customers will purchase telecommunication products and/or services from companies that can meet more rapidly their urgent needs. Thus, evidences of marketing autonomy are consistent with the results obtained through Lasserre's Grid and can be observed throughout the product chain, it crosses technical processes, networks, systems, sales, call center, distribution, communication and it ends at customer relationship department. These departments develop activities in synergy within the company departments, so that the best possible outcome of the marketing plan is achieved, but decisions are taken exclusively locally. They are responsible for product positioning, pricing, bundled services, distribution and customer communication, but are aligned with the global company's strategy, and regional context, explaining the 2.2 score in the global integration score.

This research posits that the decision on standardization versus adaptation is not mutually exclusive. Rather, there might be several combinations of standardization/localization levels (Lasserre, 2007; Quelch & Hoff, 1986),which is consistent with the observation by Vrontis et al. (2009) that multinationals usually use a combination of both to maximize results. The current investigation also shows that the choice between standardizing or adapting products to the local environment depends heavily on the market. The symbiosis of benefits enlightened in this study corroborates the findings by Thelma Valéria Rocha and Silva (2011) that in Brazil, as an emerging economy, MNEs' subsidiaries display high levels of autonomy in order to combine two main objectives: allow consumers to profit from the global experience of the parent company and benefit from having a company providing them with the best answer to their specific local needs. Company's managers ought to analyze environmental conditions and outline the adequate and best strategy. Situational factors and their real influence on managers' strategic decision-making are thus considered in order to understand how and why standardization and adaptation decisions are taken within companies.

Evidence shows that there is a set of characteristics in the telecommunications industry that contributes to the marketing autonomy for new products development within a glocal approach. Among them, regulatory factors which limit global strategies stand out. This occurs since the telecommunications companies need the endorsement of the regulator government agency, besides government and bank's grants for their local operations. Therefore, subsidiaries of Telefónica Group operate in various markets independently, without following global standardization approach, but focusing their strategies on local market needs, thus following the glocal pathway. In the case on Telefónica, the focus on the local market changed the structure of the company that has adapted into three vice-presidencies, one for each business area, making them independent to better serve each customer segment. The subdivisions have freedom of action, product creation, and have distinct sales team, business partners, contact centers and marketing, among others.

Another important point is that consumers do not buy products isolated but increasingly prefer to buy solutions which forces even more local adaptation. Aware of this fact the managers, seek customer loyalty by offering an integrated service package, because if the client has just bought one service from a company he can very easily switch to the competition. This vulnerability emphasizes the need for autonomy to develop packages more suitable to the local market needs and competition.

CONCLUSIONS

Since Telefónica is a major player in the world telecommunication sector, it makes sense to investigate how the company acts, and describe their internationalization strategy in order to extract insights that will help other companies to better address the challenges impose by entering in foreign markets. Current evidences show that the trade-off between adaptation and standardization in marketing is a function of a broader corporate strategy in which the firm has to decide on several variables and on the degree of internationalization. Some of those variables are highly influenced by headquarters; others are influenced by subsidiaries' attempts to better capture and cope with local idiosyncrasies. In any case, the local company seems to have full control over new product development and marketing and sales strategies as long as sales and revenues goals, established by the headquarters, are achieved. In the case of Telefónica, making use, exclusively, of a standardization strategy would be very difficult since it operates in a large number of countries, with huge differences in consumer habits and needs and market practices between them. In order to keep the global consistence, but be able to efficiently respond to specific market needs the Telefónica uses a glocal approach, granting its Brazilian subsidiary with marketing autonomy to create and adapt its products and reject possible innovation suggestions from headquarters that do not meet local demands. Thus, it is clear that Brazilian TNB builds its own local image to avoid being faced as just a global company subsidiary. The analysis showed that the company has high local adaptation and autonomy for products development which fits the hypothesis confirmed by Thelma Valéria Rocha et al. (2010), who found that subsidiaries of multinational companies in Brazil display high levels of autonomy.

This study has limitations. The major is that only one Telecommunication company researched, and this company is unique provider in the state of São Paulo. In future researches the same conceptual framework could be applied to compare the degree of autonomy of other Telefónica subsidiaries in Latin America and worldwide, as well as the knowledge transfer between subsidiaries in different continents. This study would also benefit from having the findings compared with the strategies from other multinational companies acting in different markets in order to reinforce the evidences of the use and benefits of the glocal approach.

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