

decision making regarding new product development or significant redesigning to fit foreign demand. The latter includes decisions regarding product standardization versus adaptation. Such decisions are influenced by firm-level characteristics (eg. type of products, production methods), as well as market characteristics (eg. some markets and some products may require local adaptation of a particular concept). However, not all firms are flexible enough to tailor products for target markets, but some firms often develop products specifically for foreign markets (Dicht et al. 1990, Christensen 1991, Kleinschmidt and Cooper 1990) bypassing the first few stages of the product life cycle (Vernon 1966, 1979). The first few stages of Vernon's model of export market development as well as the literature on competitive advantage state that the level of demand at home is the launching pad (Porter 1990). If there is a lack of demand at home, then products will never mature to reach the internationalization stage. Literature on the success of multinationals from small open economies showed that the stages in product cycle are often skipped (Agmon and Kindleberger 1977).

The ideal marketing situation is to have a "glocal" product--a global concept with local adaptation. This is in line with global marketing or "incremental innovation" concepts of having a standardized product which with some variations will satisfy all possible market segments (Kotabe 1990, Rothwell and Whitson 1992). Scale economies or price-based competition is one of the underlying assumption of exports in standardized products. Local adaptation of products require flexible production methods, therefore, competitive advantage is often based on nonprice based factors such as customer responsiveness (Hilpert 1991). Quality, durability, reliability are other product characteristics common to both price and nonprice based product strategies.