R&D collaboration is seen by many as a way to achieve critical mass in the research function. Over 40 per cent of the EC and EFTA firms surveyed expect to participate in joint R&D projects under EUREKA, ESPRIT, RACE, etc.

The survey also indicated that the proportion of firms planning to emphasize licensing or buying technology was nearly as great as for those planning to increase R&D spending. In fact in a number of sectors it was higher, particularly in the building materials and pharmaceutical sectors.

Investment strategies

Investment strategies in the EC vary significantly among the different types of firms surveyed.

For example, while almost half of EC-based firms indicated they would focus their investments in other EC markets, more than half planned also to expand investments in North America and offshore markets.

EFTA-based firms are building up their presence within the Community. They give relatively high ratings in their investment plans to local production in the EC, and to acquisitions and alliances with EC firms. They also are building capacity at home to increase exports to the EC.

For U.S.-based multinational firms, 1992 has given Europe a higher priority in their investment plans. The result is that direct investment by U.S. multinationals in Europe is growing again, mainly through reinvested profits.

Japanese and Korean companies, faced with ongoing barriers against their exports, have concluded that the only way to secure access to the post-1992 EC market is through investment in the EC. Japanese direct investment in the first half of 1988/89 was up 25 per cent from a year earlier.

Marketing strategies

Whatever their nationality or sector, manufacturers responding to the survey cited marketing and distribution as the aspects of business that will be most affected by the Single Market program. For service companies, marketing again topped the list.

A fundamental issue is the extent to which the Single Market will smooth out national differences within Europe. Looking at the implications of 1992 in terms of market changes in their sector, some executives expect a strong trend towards the emergence of a homogeneous "Euro-consumer." The homogenizers are especially dominant in energy, metals, autos, electrical/electronics and insurance. However, others give greater weight to continuing differentiation between national markets. The expectation of continued differentiation prevails strongly in building materials, distribution, EDP, banking and consumer goods.

Segmentation is the key to the marketing strategy of the majority of manufacturing and service firms surveyed. The general trend is to focus on market niches -- most often at the pan-European rather than national level -- although the latter prevails in construction and financial services.

There are mixed views on the extent to which national wholesalers and retailers will be extending their operations across the EC market. The small sample of distribution firms surveyed was split evenly between those aiming at pan-European and those focusing on national market niches.