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Cheers in China! International marketing strategies of Spanish wine exporters

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ABSTRACT

Due to the globalization of the wine sector and the increase in competition, multinational enterprises (MNEs) and small and medium-sized enterprises (SMEs) have increased their presence in emerging markets, especially in China. This paper presents an in-depth analysis of the specific case of Spanish wine exporters to China, and examines the different external and internal factors impacting their international marketing decisions. Employing the case-study methodology, it is revealed that external factors force companies to adapt their back labels, distribution channels, prices and communications, while the internal factor of corporate strategy is the main cause for the standardisation of their product ranges, brand names, main labels and positioning. This paper also exposes the need to include the variable of firm size as an internal factor that is observed to have a major effect on the development and control of the marketing mix, as well as access to *Guanxi* networks.

1. Introduction

Two main phenomena have not only affected international marketing strategies in recent decades, but also firms' survival, growth and profitability: the globalisation of markets and increased rivalry (Katsikeas, Samiee, & Theodosiou, 2006). Together, these have caused the global market to shift its focus towards emerging markets, which different industries view as extremely attractive, opportunity-filled targets (Arnold & Quelch, 1998; Khanna & Palepu, 2010; London & Hart, 2004). Winemaking companies are no exception, where the increased production and international sales of New World wines (e.g. Australia, New Zealand, California, South Africa, Chile and Argentina) have put pressure on Old World producers (e.g. Spain, France and Italy) to seek new opportunities in new markets.

Spain is recognised as one of the largest wine producers in the world. Its wine sector (generally composed by an important SMEs presence, with only few yet powerful MNEs) enjoys considerable tradition and international prestige, and is a key actor in the national economy, culture and gastronomy. China is considered as a major target (Anderson, 2003; Wilson & Purushothaman, 2006) because of its rapidly developing wine sector and huge consumption potential (Pan, Fang, & Malaga, 2006). In line with this, in 2016 the country was ranked as the world's fifth largest consumer of wine (ICEX, 2016). However, China is a very complex market, where the *Guanxi* system, based on interpersonal networking, plays an important role (Guo, Rammal, Benson, Zhu, & Dowling, 2018) and the large psychic distance makes it very difficult for firms to enter the market (Feng & Viksne, 2016; Wu, 2017).

In light of this, we address the following general question: How do the Chinese environment and firms' characteristics impact on the international marketing strategies implemented by the Spanish winemaking companies in order to successfully enter and compete in the difficult yet promising Chinese market?

China's entry in the World Trade Organization in 2001 caused a decrease in tariffs on imported wine, and a subsequent increase in the volume of imports and sales. In addition, the growth of domestic wine production, better quality wine, the expansion of the middle class, the increase in per capita income, the sophistication of consumption patterns and the growing interest of consumers in wine culture, meant that the Chinese wine market presented a major opportunity for foreign winemaking companies.

Average wine consumption in China is estimated at 1.7 l per person per year, which is a low amount compared with the global average of 7 l. The most highly consumed category of wine in China is red wine (73.4%), followed by white (23.2%), rosé (2.9%) and sparkling (0.5%). France is the leading exporter to China, both in terms of value and volume, with 46.15% of value market share, followed by Australia (23.45%), Chile (9.07%) and Spain (5.98%) (ICEX, 2016).

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The Spanish wine sector employs a 'designation of origin' (DO) system, which recognises the distinctive quality of the grapes and products of seventy specific geographical areas. Internationally, Spanish wines are considered good value for money and the wide variety of autochthonous grapes are much appreciated, but they are still relatively unknown to Chinese consumers.

Domestic sales of Spanish wines have suffered from the economic crisis that started in 2007, which has pushed more wineries, and especially SMEs, to look to sell their products abroad. In contrast, most Spanish winemaking MNEs started to internationalise decades ago and already have a solid international presence, as is the case of *Freixenet, Torres* and *Codorníu.*

The purpose of this paper is to look in depth at the decisions behind the international marketing strategies implemented by Spanish winemaking companies in China, and to examine the different external and internal factors impacting these decisions, with particular emphasis on the specific influence of firm size.

The expansion of exports to new destinations, such as emerging economies like China, is a major challenge for wine producers. To do so successfully, they need to employ appropriate strategies to access the market (Meyer, Estrin, Bhaumik, & y Peng, 2009; Teng, 2004) and to win favour among local consumers (Agostino & Trivieri, 2016; Belletti et al., 2009). While reviewing the literature, we only found few recent studies that analyse the international marketing decisions of companies when entering emerging markets (Feng & Viksne, 2016; Pires, Rocha, Borini, & Rossetto, 2015). However, none of them specifically addresses those of wine companies seeking to enter or expand into emerging Asian markets like China, and we intend to fill this gap in the literature. Hence, our first objective is to answer the following specific research question:

1 What elements of international marketing strategies do Spanish winemaking companies adapt to the Chinese market?

As stated earlier, the Chinese market is a promising but also a challenging one, and many studies have focused on analysing the different environmental factors that encourage firms to internationalise in this market, or that deter them from doing so (Feng & Viksne, 2016; Sun, D'Alessandro, & Johnson, 2016; Wu, 2017). In addition, several articles have studied the factors that enable companies to successfully internationalise, including Spanish companies (Lado, Martínez-Ros, & Valenzuela, 2004; Olmos, 2011; Rialp, Duarte, Llaneza, & Canal, 1999) and specifically the Spanish wine sector (Junyent, 2007a,b; Suárez-Ortega & Álamo-Vera, 2005), as well as Portuguese wine companies (Lages, 2000). However, none of this research has analysed the reasons why companies, and their managers in particular, decided to standardise or adapt their marketing mix to the Chinese market. Therefore, our second objective is to answer the following specific research question:

2 What are the external and internal factors influencing Spanish winemaking companies' managerial decisions to adapt international marketing strategies to China?

Although there is academic evidence for the impact of firm size on the internationalisation processes (Katsikeas & Morgan, 1994; Leonidou & Katsikeas, 1996) and export performance (Sousa, Martínez-López, & Filipe, 2008; Wheeler, Ibeh, & Dimitratos, 2008), few articles have discussed the effect of size on international marketing strategies. Some authors suggest that superior resources enable firms to design more customized marketing strategies (Jain, 2001), while others suggest the opposite, that large firms are more likely to adopt a universal marketing strategy (Levitt, 1983; Ohmae, 1985; Sorenson & Wiechmann, 1975). Meanwhile the conclusions reached by empirical studies are often contradictory or even non-significant (Chung, 2003, 2005).

Taking these findings into account, and also that SMEs are predominant in number in the Spanish wine market, we decided to examine the impact of firm size on international marketing strategies.

Hence, our third specific research question is:

3 How do Spanish winemaking SMEs and MNEs differ when implementing their international marketing strategies in China?

Moreover, scholars are still criticising the lack of in-depth studies of the 'how' and 'why' of the decisions related to the internationalisation process (Doz, 2011) and specifically those concerning export issues (Leonidou, Katsikeas, & Coudounaris, 2010). To address this shortcoming, and in order to provide in-depth answers to our three research questions, we employ the case study methodology, undertaking descriptive and explanatory research in which the information was mainly obtained from semi-structured interviews conducted with the executives responsible for internationalisation in the Chinese market.

The results of this study yield a threefold contribution: First, they provide thorough evidence that helps understand the decisions behind international marketing strategies in an emerging market, adding value to the existing literature in this field of research. Specifically, decisions such as those to internationally standardise the brand name and to partially or fully translate it phonetically or literally to Chinese can help to understand the issues involved in international marketing (Cavusgil & Zou, 1994; Hultman, Robson, & Katsikeas, 2009; Stoian, Rialp, & Rialp, 2011; Vrontis, Thrassou, & Lamprianou, 2009). In addition, the study highlights the difficulty of finding loyal wine distributors, as well as the need to adapt the distribution system to local channels and available intermediaries.

Secondly, our answers offer an overview of the differences between SMEs and MNEs in terms of their international marketing strategies, shedding light on existent, yet inconclusive, findings regarding the importance of firm size (Chung, 2003, 2005). Specifically, MNEs are able to open local offices or sales subsidiaries in China that allow them access to *Guanxi* networks and to gain a better understanding of the consumers and marketplace despite the psychic distance (London & Hart, 2004). Thus, they adapt different elements of the marketing mix, such as their communication budget, tools and media, and are able to control their marketing strategies better.

Thirdly, this study highlights the reality of the Chinese wine market, raising awareness of the unique characteristics of the industry, its rapid development, and the difficulty accessing the *Guanxi* networks that facilitate access to market information and to the distribution system. The short-term local business mentality and intricate business practices also play their part in the complexity of a market that is nevertheless full of opportunities for foreign firms.

The remainder of the article is structured as follows: in the following section, we provide a review of the conceptual framework of international marketing strategies, proposing a model through which to study this relationship. The methodology employed is then described, followed by a discussion of the results with an emphasis on the differences between the SMEs and MNEs in our sample. The article concludes by discussing the contributions, limitations and future lines of research.

2. Conceptual framework

Generally, academics highlight two distinct strategies that are used to address international marketing decisions: standardisation and adaptation (Cavusgil & Zou, 1994; Leonidou, Katsikeas, & Samiee, 2002; Theodosiou & Leonidou, 2003). According to Jain (1989), the standardisation strategy refers to the use of a common product, pricing, distribution and promotion programme on a worldwide basis. On the other hand, Kotler et al. (2008) define adaptation strategy as making total or partial changes to international marketing strategies in order to acclimatise to different environments and consumer preferences.

2.1. The standardisation and adaptation debate

The standardisation/adaptation debate started in 1961, when Elinder considered the benefits of global standardised advertising. This debate was later extended to the entire marketing mix. In response to this, a number of authors set out to establish that global companies with a total standardisation strategy achieved better financial results in the long term (Buzzell, 1968; Levitt, 1983; Quelch & Hoff, 1986). However, the main empirical studies of the 70’s and 80’s failed to demonstrate this. Sorenson and Wiechmann (1975) conclude that standardisation is often inappropriate. Hill and Still (1984) find that adaptation of the marketing mix is the most appropriate strategy for selling products manufactured in developed countries to developing markets. There is extensive evidence that acknowledges the existence of different external and internal factors that hamper the genuine implementation of a total standardisation strategy, and these factors force companies to adapt certain elements of the marketing mix to local markets (Boddewyn, Robin, & Jacques, 1986; Douglas & Wind, 1987; Jain, 1989). These empirical studies, intended to demonstrate the validity and superiority of one strategy over the other, gave rise to ‘contingency theory’, which argues that rather than questioning which of the two strategies (total standardisation or total adaptation) is best, what matters most is understanding the conditions under which it is better to adopt one strategy or the other. It asserts that total standardisation or total adaptation are the endpoints of a continuum and companies need to decide how far they should standardise or adapt the different elements that make up their marketing mix, rather than opting for radical positions (Jain, 1989; Theodosiou & Leonidou, 2003).

As a result, contingency theory emphasises the existence of genuine differences between markets and consumers and the fact that these differences must be recognised and made visible in marketing plans through the adaptation of the marketing mix.

Cavusgil and Zou (1994) confirm that international marketing strategy is a business tool that allows companies to align internal resources to the characteristics of international environments. Hence the need to understand managerial characteristics, especially the commitment of managers to the internationalisation process and their perceptions of the internal and external factors that will influence the marketing strategies implemented in foreign markets (Katsikeas, Leonidou, & Morgan, 2000; Theodosiou & Leonidou, 2003), particularly when companies are aiming to set up operations in a geographically and psychologically distant country like China.

The review of the literature suggests that there are many environmental, organisational and managerial factors that act as antecedents for decisions to standardise or adapt the marketing mix. In accordance with the classifications proposed by Leonidou et al. (2002), Sousa et al. (2008) and Zou and Stan (1998), external factors are divided into domestic market factors and the macro- and micro- environmental factors of the foreign market, while internal factors are classified as the characteristics of the company and the management.

Table 1 sets out the literature reviewed on the external and internal factors influencing decisions to standardise or adapt international marketing strategies by firms.

Theodosiou and Leonidou (2003) assert that although a wide range of different factors influence the marketing mix, only a few systematically exert a significant influence. This is because situational factors influence the decisions made by managers to standardise or adapt the marketing mix, depending on which they will favour one strategy or another (Schmid & Kotulla, 2011). Meanwhile, Shoham (1999) found that when managers make decisions about strategies to break into an overseas market, they do this on the basis of a small and limited number of elements, which in turn will have an impact on export performance (Katsikeas et al., 2000; Leonidou et al., 2002; Theodosiou & Leonidou, 2003).

2.2. Firm size as an internal factor influencing international marketing strategies

Firm size, measured through sales volume or number of employees, has been widely studied and researched. The prevailing point of view agrees that size is an indicator of the availability of human and economic resources (Lado et al., 2004; Rialp & Rialp, 2001; Sousa et al., 2008), a key factor in the internationalisation process, which requires capital, resources, managerial capacity, time, experience and access to information (Rialp & Rialp, 2001) in order to expand and absorb risks (Suárez-Ortega & Álamo-Vera, 2005). Therefore, larger firms are seemingly more active exporters (Barrett & Wilkinson, 1986; Coviello & McAuley, 1999; Suárez-Ortega & Álamo-Vera, 2005). They also tend to select foreign direct investment as an entry mode to emerging markets (Chung, 2003). In turn, these studies also show that SMEs encounter more significant obstacles when advancing from one phase of the internationalisation process to another, given the limitations of their resources (Cavusgil, 1980; 1982; Rao & Naidu, 1992), so they need more support (Munier, 2011), are less aware of the growth potential offered by the internationalisation of business and have less confidence in the company’s exporting ability (Czinkota, 1982).

Some authors agree that large companies are more likely to adapt their marketing mix as they have more resources to do so (Chung, 2005; Jain, 2001), while Lages, Abrantes, and Lages (2008) find that the competitive advantage of smaller firms is often due to their flexibility in providing customised marketing solutions. And other academics argue that large firms tend to standardise their international marketing mix in order to achieve better performance (Schilke, Reimann, & Thomas, 2009). It is obvious, therefore, that firm size plays an important role in marketing mix decisions but it is still unclear how this role is fulfilled due to discrepancies in previous research. Does a smaller size enable managers to respond faster to local needs and adapt quicker when entering international markets? Or it is easier for large companies to do so because they possess sufficient resources and capabilities, allowing for better responsiveness to the foreign market? We believe that firm size should be considered apart and be added to the list of internal factors that affect international marketing strategies (Schmid & Kotulla, 2011).

To sum up, both the external and internal factors have an impact on firms’ international marketing strategies (Schmid & Kotulla, 2011; Theodosiou & Leonidou, 2003). Moreover, we consider firm size worthy to be added as an internal factor as it can affect the decision of the firm to adapt or standardise. Consequently, these decisions will influence the export performance of the company in the host market (Cavusgil & Zou, 1994; Leonidou, Katsikeas, Palinhawadana, & Spyropoulou, 2007). Fig. 1 shows the model through which these relationships will be studied.

3. Methodology

In order to discern the degree of adaptation and to understand the factors that influence managerial perceptions and decisions regarding the marketing mix implemented in a foreign market like China, primary data is needed. This reinforces the importance of using case study methods, as they explore the questions of ‘how’ and ‘why’ in thorough detail.

‘How’ questions will be answered by describing the degree of standardisation or adaptation of the different elements of the marketing mix; that is, to answer the question of ‘how do Spanish wine companies implement marketing strategies in the Chinese market?’ This adds a descriptive element to our study.

On the other hand, this research is also intended to be explanatory, whereby the ‘why’ questions seek to understand the internal and external factors that influence managers’ perceptions when deciding on the degree of standardisation or adaptation of the different elements of the marketing mix.

Because one of the objectives of the study is to contrast different

Table 1
Bibliography of Factors Influencing International Marketing Strategies.
Source: The authors based on Theodosiou and Leonidou (2003) and Schmid and Kotulla (2011)

EXTERNAL FACTORS	Authors
Foreign Market: Macroenvironment	
Political & Legal	Buzzell, 1968; Boddewyn et al., 1986; Cavusgil, 1988; Cavusgil et al., 1993; Chung, 2003,Chung, 20052005; Douglas & Craig, 1986; Douglas & Wind, 1987; Hill & Still, 1984; Jain, 1989; Katsikeas et al., 2006; Myers et al., 2002; O´Cass & Julian, 2003; Onkvisit & Shaw, 1987; Ozsomer et al., 1991 Rosenbloom et al., 1997; Shoham, 1999; Sorenson & Wiechmann, 1975; Theodosious & Vrontis et al., 2009.
Economic	Boddewyn et al., 1986; Buzzell, 1968; Chung, 2003; Hultman et al., 2009; Jain, 1989; Katsikeas et al., 2006; Myers et al., 2002; Theodosious & Katsikeas, 2001; Vrontis et al., 2009.
Cultural	Balabanis et al., 2004; Cavusgil et al., 1993; Chung, 2003, 2005; Hill & Still, 1984; Hultman et al., 2009; Katsikeas et al., 2006; Lado et al., 2004; Schmid & Kotulla, 2011; Vrontis et al., 2009.
Natural	Douglas & Craig, 1986; Douglas & Wind, 1987; Shoham, 1999; Vrontis et al., 2009.
Technological	Hultman et al., 2009; Vrontis et al., 2009.
Demographic	Quelch & Hoff, 1986.
Foreign Market: Microenvironment	
Marketing infrastructures	Buzzell, 1968; Chung, 2003,2005; Hultman et al., 2009; Katsikeas et al., 2006; O´Cass and Julian, 2003O´Cass & Julian, 2003; Onkvisit & Shaw, 1987; Ozsomer et al., 1991; Ozsomer & Simonin, 2004; Rosenbloom et al., 1997; Sorenson & Wiechmann, 1975; Vrontis et al., 2009;
Consumer characteristics	Boddewyn et al., 1986; Cavusgil et al., 1993; Cavusgil & Zou, 1994; Hill & Still, 1984; Katsikeas at al., 2006; Theodosious & Katsikeas, 2001; Vrontis et al., 2009.
Competitors	Boddewyn et al., 1986; Cavusgil et al., 1993; Cavusgil & Zou, 1994; Chung, 2003; Hill & Still, 1984; Katsikeas at al., 2006; Myers et al., 2002; O´Cass & Julian, 2003; Ozsomer et al., 1991; Shoham, 1999; Theodosious & Katsikeas, 2001; Vrontis et al., 2009.
Market characteristics	Calantone et al., 2006; Jain, 1989; Hultman et al., 2009; Vrontis et al., 2009.
Industry characteristics	Buzzell, 1968; Calantone et al., 2006; Cavusgil et al., 1993; Cavusgil & Zou, 1994; Hultman et al., 2009; Katsikeas et al., 2006; Ozsomer & Simonin, 2004; Ozsomer et al., 1991; Samiee & Roth, 1992; Sorenson & Wiechmann, 1975; Theodosious & Katsikeas, 2001.
Product characteristics	Boddewyn et al., 1986; Cavusgil et al., 1993; Cavusgil & Zou, 1994; O´Cass & Julian, 2003.
Domestic Market:	
Export assistance	Sousa et al., 2008; Wheeler et al., 2008.
Domestic market turbulence	
INTERNAL FACTORS	Authors
Management Characteristics:	
Attitude, motivation & perceptions	Albaum & Tse, 2001; Hultman et al., 2009.
Managerial commitment	Bilkey & Tesar, 1977; Cavusgil, 1980, 1982; Cavusgil & Zou, 1994; Christensen et al., 1987; Hultman et al., 2009; Johanson & Vahlne, 1977; O´Cass and Julian, 2003O´Cass & Julian, 2003; Welch & Wiedersheim-Paul, 1980.
Firm Characteristics:	
Corporate strategy	Douglas & Craig, 1989; Lemak & Arunthanes, 1997; Perlmutter, 1969.
International experience	Cavusgil et al., 1993; Cavusgil & Zou, 1994; Hultman et al., 2009; Myers et al., 2002; O´Cass & Julian, 2003; Vrontis et al., 2009; Zou & Cavusgil, 2002.
Sales dependence	Cavusgil et al., 1993; Calantone et al., 2006.
Marketing department structure	Douglas and Craig, 1989Douglas & Craig, 1989; Quelch & Hoff, 1986; Lemak & Arunthanes, 1997; Ozsomer et al., 1991; Ozsomer & Prussia, 2000; Theodosious & Katsikeas, 2001.

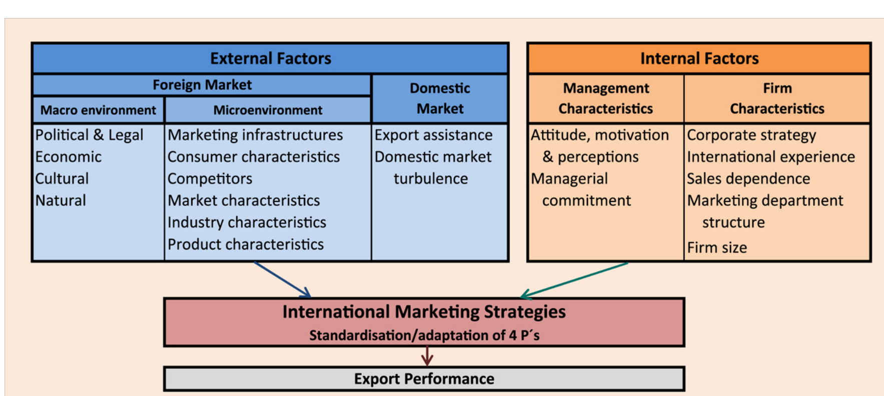

Fig. 1. Proposed Framework: External and Internal Factors that Affect International Marketing Strategies.

Table 2
General Information Regarding the Companies Analysed.

Firms		Year Founded	Firm Size	International Firm Turnover			Firm Export Experience		Export Experience in China			Mode of Entry in China
			Number of employees	Sales 2013	Export Intensity (2013)	Export Net Sales	Started International Operations	Number of International Markets	Started Exporting	Entry	Expan-sion	
SMEs	***Mestres***	1312	12	< €1M	25%	< €250,000	2000		2013			Local importer
	Raventós Rosell	1985	6	€700,000	50% (before 70%)	€350,000	1985		2009			Local importer Barcelona company
	Sumarroca	1983	40	€7M-€10M	28%	> €2M	1995	+ 40 markets	2005			Local importer Barcelona company
	Juvé y Camps	1921	135	€21.5M	15%	€3.2M	1984	+ 50 markets	2010	2011		3 loyal local importers
MNEs	***Codorníu***	1551	800	> €200M	50%	> €100M	1940	+ 90 markets	2000	2011	2013	Delegation in China Commercial subsidiary Asia
	Freixenet	1861	1250	€530M	80%	€424M	End of 19th century	+ 140 markets	1985	2004	2007	Commercial subsidiary China

behavioural patterns, we will use a theoretical replication that, according to Yin (2009), requires the selection of between four to six business cases. This is why we decided to carry out a multi-case study, selecting companies located in Spain, and specifically in Catalonia, that belong to the cava DO, which accounts for the highest volume of foreign exports in the Spanish wine industry. The cava DO is dedicated solely to the production of sparkling wine, although all of the selected firms (except one – *Mestres)* also produce and export other Spanish DO still wine. We decided to select companies that have already started exporting to China, but with different degrees of commitment to this specific market. Following the study by Johanson and Vahlne (1977), we differentiate between three types of commitment: 1) low commitment: companies that started to actively explore and export to the Chinese market but did not have a loyal importer; 2) medium commitment: firms that successfully 'entered' the market and hence have loyal distributors; and 3) high commitment: companies that 'expanded' into the market, so they have established a local office or opened a commercial subsidiary. According to these criteria, we chose six companies that actively started exploring and eventually exporting their products to the Chinese market. Three of these successfully entered the market and, of these three, two successfully expanded through local offices or commercial subsidiaries. Table 2 shows the selected companies, the years they were founded, size, international turnover, export experience, the year they started exporting to the Chinese market, as well as the year when they entered and expanded into the market and, finally, the mode of entry into China.

In order to determine decisions regarding the marketing mix implemented in China, we reviewed the indicators employed in previous studies, selecting the most appropriate elements with the assistance of wine sector experts. Meanwhile, an operational protocol was established, as well as a pilot case, helping to redefine and enhance the aggregation of data, both in terms of the data content and the procedures followed.

To conduct the case study methodology, we assessed the steps established in the methodology proposed by Yin (2009, 2014) and by Larrinaga and Rodríguez (2010), in an attempt to guarantee the quality of the scientific research and demonstrate reliability, constructive validity, external validity and internal validity.

In order to answer the proposed research questions, we needed to obtain primary data, which was gathered by means of semi-structured interviews conducted with those responsible for the international marketing strategies implemented in China, as well the export manager in charge of the Chinese market. This information was validated by means of a second interviewee from the export management team or management team, depending on the corporate structure of the company (see Table 3).

The *Atlas.ti* software was used to analyse all data. To guarantee the integrity and quality of the research, two independent researchers

Table 3
Position of People Interviewed by Company.

Company	Position of People Interviewed
Mestres	CEO Export Manager
Raventós Rosell	Managing Director & Commercial Manager Managing Director
Sumarroca	Export area manager (China) Export area manager
Juvé y Camps	Export Manager Management Team
Codorníu	CEO Asia Strategic Managing Director
Freixenet	International Business Director Vice Director International Business General Manager China International Marketing Manager

categorised the information.

4. Comparative results

We can understand the 'how' pattern by posing the question: 'how do Spanish wine companies enter or expand into the Chinese market?' This entailed examining the degree of standardisation/adaptation of the product, price, place and promotion (namely marketing mix or 4P's). To do so, it was first necessary to compare the marketing strategy implemented in the main international markets of each company against the domestic market, Spain, and secondly, to compare the Chinese market against the main international markets, using a Likert scale where 1 corresponds to total standardisation, and 5 to total adaptation.

Furthermore, it should be mentioned that not all the required information for each and every element of the marketing mix was either disclosed or obtained. This is partly due to managerial decision-making; as they transfer control of the distribution and sale of their product in China, and are therefore unaware of the positioning, retail price and communication activities used by intermediaries or distribution channels in China.

Regarding distribution strategy, the complexity of large companies' structures with regard to different domestic and international channels made it difficult to obtain reliable results, so we decided not to include them in the research. Furthermore, SMEs delegate their international communication strategies to foreign intermediaries, and are generally unaware of the media and tools employed. For these reasons, Table 4 contains no information on certain elements of the marketing mix.

In order to obtain an in-depth view of the 'why' pattern, we aim to answer the question, 'why do Spanish wine companies standardise or adapt their international marketing strategies when entering or expanding in China?' In this section, we will describe the international marketing strategies employed by Spanish wine companies, and also describe the internal and external factors that encourage managers to standardise or adapt specific elements of the marketing mix.

Table 5 provides information about the standardised elements of the marketing mix and the companies that choose this strategy, along with the factors that affect the corresponding decisions. The right-hand column shows the relationship between these factors and the ones identified in previous studies. Table 6 contains the same information as Table 5, but focused on the adapted elements.

4.1. International product strategy

4.1.1. Product/product range

Following an analysis of international product strategies, it was confirmed that all the companies view their DO wines as unique, especially the sparkling intermediaries and channels that belong to the cava DO, as it is a product that carries considerable cultural notoriety. For this reason, companies opt to internationalise immediately with the wines in their portfolio that enjoy the greatest international presence and prestige, and so these so-called 'flagship products' are the ones selected for internationalisation in China. One could then assume that the company's choice of product or product range for internationalisation, both in China and other foreign markets, is standardised for all companies – a decision dictated by corporate strategy and unique product characteristics.

In the specific case of Spanish winemaker *Sumarroca*, certain products are manufactured exclusively for international markets, However, in China it has not had the opportunity to internationalise its flagship products, since importers select the products to be sold – a decision made in accordance with the different purchasing patterns of Chinese consumers, based on image, appearance and perception of social value (Sun et al., 2016).

4.1.2. Brand name

With regards to brand name, all companies adopt a strategy of

Table 4
International Marketing Strategies: Levels of Adaptation and Standardisation of the Elements of the Marketing Mix.

	Main International Markets vs Domestic Market						Chinese Market vs Main International Markets					
	Mestres	Raventós Rosell	Sumarroca	Juvé y Camps	Codorníu	Freixenet	Mestres	Raventós Rosell	Sumarroca	Juvé y Camps	Codorníu	Freixenet
MARKETING MIX STRATEGIES:	1= Total standardisation			5=Total adaptation			1= Total standardisation			5=Total adaptation		
PRODUCT												
Product/product line	2	1	3	1	1	1	1	1	5	1	1	1
Brand name	1	1	1	1	1	1	1	1	2	2	2	1
Brand name in the future											4	
Label	1	1	1	1	1	2	1	1	1	1	1	1
Back label	5	5	5	5	5	5	5	5	5	5	5	5
Back label to sell the product									5			
Positioning	1	4	1	1	1	1	1			1	1	2
PRICE												
Retail price	5	5		5	5	5	5			5	5	5
Intermediary price	5	5	5	5			5	5	5	5	4	
COMMUNICATION												
Communication budget											5	4
Communication media											4	5
Communications tools					4						4	5
DISTRIBUTION												
Distribution channels	1	4		3	1	1	1			3	1	3
Intermediaries: type & number	5	5		5	5		3			3		
Intermediary responsibility	5	5		5			1	1		1		
MARKETING MIX CONTROL:	1=Total control			5=No control			1=Total control			5=No control		
Control over the distribution & 4P's	4	3		2	1	1	4	4	5	3	1	1

Table 5
Factors Influencing the Standardisation of International Marketing Strategies in China.

Chinese Market vs International Markets (1=Total standardization; 5=Total adaptation)

MARKETING MIX STRATEGIES:	Standardisation	Mestres	Raventós Rosell	Sumarroca	Juvé y Camps	Codorníu	Freixenet	Identified Factors	Literature Review Factors (E/I)*
PRODUCT									
Product/Product range	Total Standardisation	1	1		1	1	1	Flagship products	Corporate strategy (I) Product characteristic (I)
Brand name	Total Standardisation	1	1				1	Presence & international recognition	Corporate strategy (I)
	Partial Standardisation			2	2	2		Phonetic translation registered, back label	Consumer's characteristics (E) Cultural environment (E)
Label	Total Standardisation	1	1	1	1	1	1	Presence & international recognition	Corporate strategy (I)
Positioning	Total Standardisation	1			1	1		Presence & international recognition	Corporate strategy (I)
	Partial Standardisation						2	China: aspirational product	Consumer's characteristics (E)
DISTRIBUTION									
Distribution channels	Total Standardisation	1				1		Selection according to world positioning	Corporate strategy (I)
Intermediary responsibility	Total Standardisation	1	1		1			Intermediaries responsible for distribution, communication & positioning	Industry characteristics (E)
								Lack of market knowledge, HR & financial resources	Management perceptions (I)

*E= External literature review factors
*I= Internal literature review factors

Table 6
Factors Influencing the Adaptation of International Marketing Strategies in China.

Chinese Market vs International Markets (1=Total standardisation; 5=Total adaptation)

MARKETING MIX STRATEGIES:	Adaptation	Mestres	Raventós Rosell	Sumarroca	Juvé y Camps	Codorníu	Freixenet	Identified Factors	Literature Review Factors (E/I)*
PRODUCT									
Product/Product range	Adaptation: total			5				Intermediaries: choose product for China	Consumer's characteristics (E)
Brand name in the future	Adaptation: near-total					4		Chinese name in secondary label	Consumer's characteristics (E) Cultural factor (E)
Back label	Adaptation: total & mandatory	5	5	5	5	5	5	Legal information & language	Legal factor (E) Cultural factor (E)
Back label to sell the product	Adaptation: total			5				International recognition	Consumer's characteristics (E)
PRICE									
Retail price	Adaptation: total	5			5	5	5	Consumers pay export costs	Marketing infrastructures (E) Industry characteristics € Legal factor (E) Cultural factor (E) Competitors (E)
					5				
Intermediaries prices	Adaptation: total	5	5	5	5			Intermediary absorbs export costs	Marketing infrastructures (E) Industry characteristics (E) Cultural factor (E)
	Adaptation: near-total					4		Price range for Asiatic markets	Marketing infrastructures (E) Legal factor (E) Industry characteristics (E) Marketing activities (I)
COMMUNICATION									
Communication budget	Adaptation: total					5		Asian subsidiary sets the budget Availability of financial resources	Corporate strategy (I)
	Adaptation: near-total						4	China: sales percentage + premium Availability of financial resources	Corporate strategy (I)
Communication media	Adaptation: total						5	Adapted to consumers Market knowledge, HR & financial resources	Consumer's characteristics (E) Marketing infrastructures (E) Marketing department structure (I)
	Adaptation: near-total					4		*Pull* actions by country & *push actions* standardized Market knowledge, HR & financial resources	Consumer's characteristics (E) Marketing infrastructures (E) Marketing department structure (I)
Communication tools	Adaptation: total						5	Adapted to the market: consumers & distributors Market knowledge, HR & financial resources	Consumer's characteristics (E) Marketing infrastructures (E) Marketing department structure (I)
	Adaptation: near-total					4		Some adapted: digital communication Some standardized: promotions & direct sales Market knowledge, HR & financial resources	Consumer's characteristics (E) Marketing infrastructures (E) Marketing department structure (I)
DISTRIBUTION									
Distribution channels	Adaptation: partial & mandatory				3		3	Adapted to the Chinese established channels	Marketing infrastructures: distribution systems (E) Market characteristics (E)
Intermediaries: type & number	Adaptation: partial & mandatory	3			3			China: use of established intermediaries	Marketing infrastructures: distribution systems (E) Market characteristics (E)

*E= External literature review factors
*I= Internal literature review factors

standardisation. Hence, on the main label, the brand name is always standardised for reasons of international recognition, presence and coherence.

However, *Sumarroca*, *Juvé y Camps* and *Codorníu* confirmed that they have made efforts to adapt to the local Chinese language and culture. On the back label in China, the brand name appears in a partially adapted form, phonetically translated into Chinese, based on evidence that phonetic translations do not have negative connotations among consumers. Notably, *Cordorníu* has taken steps to adapt its brand name to the market by translating it into three Chinese characters that mean 'Spanish luxury winemaking company with glamour and history'. Moreover, these translations, both the phonetic versions and the search for a brand name with an inherent meaning, are discretionary adaptations, fulfilling the aim of achieving greater proximity with Chinese consumers, who express preferences for products or brand names that have a positive connotation.

4.1.3. Label and back label

With regards to the labelling of cava bottles, companies also decide to follow a standardisation strategy. All producers confirmed that the main label, once again for reasons of international recognition, is standardised worldwide, whereas *Freixenet* had its label printed in both Spanish and English. However, for legal and linguistic reasons, the back label is always adapted to foreign markets, this being a mandatory adaptation.

Additionally, *Sumarroca* contends that once the products have passed customs control, importers remove the Chinese back label, to reassure local consumers that the product is genuine and not a Chinese counterfeit, which is a serious problem affecting the sector. This was especially relevant in the 90 s, when there were multiple cases of Chinese consumers buying high quality counterfeited French wine at the prices of the original.

4.1.4. Positioning

All Spanish companies, except *Raventós Rosell*, follow a strategy of standardisation of their global positioning, with the aim of creating a consistent image worldwide, achieved through pricing, communication and distribution strategies. *Mestres* and *Juvé y Camps* position themselves at the international level, including China, as a high-quality cava, focusing on the premium segment. *Sumarroca*, meanwhile, aims to position itself as a medium-high-range product, although in China, the company has no control over the distribution and retail pricing of its products and therefore has no accurate knowledge of how its wines are positioned in the market. *Codorníu* and *Freixenet* aim to position their products on a standardised basis worldwide, which they attempt to achieve by homogenising their distribution channels and pricing structure with intermediaries. Nonetheless, *Freixenet* adapts its communication strategy in China. Internationally, *Freixenet* cava is positioned as a product for celebration and good times, while in China the focus is on it being an aspirational product, bringing consumers closer to Western culture, in response to the purchasing pattern by image or appearance as discussed earlier.

Finally, *Raventós Rosell* acknowledges that, depending on the market, distribution channel, per capita income, taxes and exchange rate, its products are positioned in some countries as a deluxe product, and in others as an affordable product. In China, however, the company has no control over the positioning of its product and only has access to the information received from its Spanish distributor.

4.2. International pricing strategy

4.2.1. Retail price

The Spanish winemakers confirm that the retail price paid by foreign consumers for a bottle of wine, including Chinese consumers, is adapted to market specific factors. This is because the retail price includes all costs associated with exports, such as transportation, logistics, taxes and other costs resulting from the number of intermediaries and the margins applied, which vary from country to country. *Juvé y Camps* also takes competition into account when establishing its retail prices.

Sumarroca, and to an extent *Raventós Rosell*, acknowledge that in China, due to a loss of contact with their intermediaries, they have no control over the price at which their wines and cavas are sold.

4.2.2. Prices for intermediaries

Mestres, *Sumarroca*, *Raventós Rosell* and *Juvé y Camps* concurred in indicating that the prices charged to international intermediaries are adapted and are lower than their domestic rates. This is because the producers include transportation and other costs derived from marketing activities in their domestic rates, while at the international level, it is the intermediaries that must bear the costs associated with export, such as the logistics, taxes, marketing and training initiatives, as well as promotional and communication activities.

As for the Chinese market, the four SMEs also concurred that the prices charged to Chinese intermediaries are adapted with regard to those established for international intermediaries, although the reasons for doing so vary from company to company.

Mestres, for instance, took a risk and sold its products to China at higher prices than in other international markets. *Raventós Rosell* states that they adapt their prices depending on the volume of the purchase, and *Sumarroca* likewise adapts prices, since the negotiations are complex and aggressive, conducted individually with local importers. Lastly, *Juvé y Camps* adapts its rates for Chinese intermediaries depending on the costs associated with the export of its products to China.

As for multinational companies, no comprehensive figures were obtained to determine the degree of standardisation or adaptation of the rates charged to Chinese intermediaries in comparison with those for other foreign markets. However, *Freixenet* mentioned that it aims to standardise its rates for all international intermediaries, while the CEO for Asian operations at *Codorníu* asserts that the company establishes higher rates for Asian intermediaries than for Europe, as these rates necessarily include the costs of training and marketing activities that are conducted internally by the corporate group.

All export managers highlight that negotiations with Chinese intermediaries are very complex, since they are extremely aggressive when negotiating trading conditions that are non-binding and subject to change, a rare stipulation that is not applicable in most international markets. However, *Freixenet* and *Codorníu* revealed that they have generated a trusting relationship with their importers that gives them access to the *Guanxi* network, which facilitates trade and negotiations.

4.3. International communication strategy

The SMEs contained in the study acknowledge that in China, as in other foreign markets, the importers or distributors are responsible for performing communication and promotional activities, so the exporters are not aware of the communication tools and media requirements, or of the degree to which they are standardised or adapted. None of the SMEs has a specific communication budget assigned to their Chinese operations. *Sumarroca* and *Juvé y Camps* consider the travel and commercial initiatives undertaken by its managers in the Chinese market when managing their communications budget for the country, while the multinationals *Codorníu* and *Freixenet* play an active role in the communication activities undertaken in foreign markets, thereby supporting their local importers. As a result, both corporate groups have a budget assigned to the Chinese market, which is augmented in both cases, as China is considered a strategic and developing market. They are also aware of the need to adapt their communication resources and tools to Chinese consumers. By hiring local professionals to their local offices and subsidiaries, both companies conduct mainly digital communication actions, focused on the specific Chinese social media that are most widely used by local consumers.

4.4. International distribution strategy

One of the motivations for companies to keep working in the Chinese market is the wide variety of local agents and intermediaries that continuously contact them to offer import and distribution services. Paradoxically, these local intermediaries are also the biggest barrier faced by foreign companies due to their short-term business mentality that looks to make a quick profit, making it difficult to find serious, long-term importers who want to work with and position wine brands in the market, and even more difficult to build a trusting relationship.

As mentioned earlier, another challenge for foreign companies is that the Chinese wine sector and distribution system is still developing, creating problems that are further complicated by the geographical, cultural and psychic distance, as well as the intricacy of Chinese business practices, which include the use of *Guanxi* networks.

4.4.1. Distribution channels

With regards to distribution channels, the interviewees revealed that there are various sales channels, such as supermarkets, specialist stores, hotels, restaurants and catering services, as well as direct sales and corporate/governmental channels. Companies evidently use different distribution strategies to access domestic and international markets.

Mestres asserts that it employs a standardised strategy at the national and international level, selling its product through three channels, which, in order of importance, are: 1) specialist stores; 2) hotels, restaurants and catering; and 3) individual consumers. *Raventós Rosell* acknowledges that it adapts its channels to international markets. *Sumarroca*, meanwhile, given the lack of contact with its importers, is unaware of the channels used to distribute its products in China, and *Juvé y Camps* states that the channels employed in international markets vary depending on the distributor.

Both MNEs aim to standardise their distribution channels nationally and internationally. They therefore make a distinction between hotels/restaurants and supermarkets, offering a separate product portfolio for each. *Freixenet* nonetheless acknowledged that when it first entered the Chinese market, it had to adapt its strategy and begin to distribute its products through hotels and restaurants, since the supermarket channel had not yet been developed, and its importer, *ASC*, focused on the former sector.

4.4.2. Intermediaries: type, number and responsibility

Regarding international intermediaries, the data reveals that companies adapt the type and number of intermediaries to the distribution systems established in each of the foreign markets. Meanwhile, all companies, but in particular SMEs, delegate responsibility, distribution, communication and positioning of the product to their international intermediaries. This is a different approach to that for the domestic market, where the companies themselves deal with these responsibilities internally.

Regarding the Chinese market, all the companies use importers or agents to deliver their wines to the market and to sell their products. However, the sector is still perceived to be at an early stage of development, as these channels are not yet fully defined.

Mestres and *Juvé y Camps* assert that their Chinese intermediaries take on the same responsibilities as their other international intermediaries. *Sumarroca* and *Raventós Rosell*, meanwhile, have no control over the distribution of their products in the Chinese market and therefore are not aware of the type or number of individual intermediaries, or of the responsibilities that they have.

The *Codorníu* and *Freixenet* corporate groups also export their most important wine brands to China through local importers. However, *Codorníu*, through its Chinese office, and *Freixenet*, through its commercial subsidiary, work together with their importers to push the sale of their products. Both groups are structurally varied and complex, with offices worldwide, commercial and production subsidiaries, and strategic alliances, meaning the type and number of intermediaries varies depending on the brand in question and the mode of entry into the foreign market.

5. Discussion

5.1. International marketing strategies

Generally speaking, the results of our research reveal similarities in the international product and pricing strategies employed by the firms in our sample, specifically in China, although significant differences are noted in their communication and distribution strategies.

With regards to international product strategy and given the existing recognition and corporate strategy, the companies typically standardise their product ranges, brand names, main labels and positioning.

The unique characteristics of each wine, as well as the considerable cultural component of 'cava' as a festive sparkling wine, give the companies a competitive advantage in the marketplace that they need to exploit (Cavusgil & Zou, 1994). This may be why companies do not adapt the product as such, as suggested by Cavusgil, Zou, and Naidu (1993) and Cavusgil and Zou (1994).

Standardisation of the brand name, label and positioning corresponds to the corporate strategy of creating a coherent image for consumers that will be consistent worldwide, thereby drawing on one of the main benefits associated with the standardisation strategy (Buzzell, 1968).

All companies, for legal and linguistic reasons, are forced to adapt their back labels in order to release the product onto the Chinese market. This confirms how political and legal contexts are significant barriers to the standardisation of the marketing mix (Katsikeas et al., 2006; O'Cass & Julian, 2003; Vrontis et al., 2009).

At the same time, a number of companies dedicate business efforts to adapting to the sociocultural context and to Chinese consumers (Hultman et al., 2009), by partially adapting their positioning and brand name.

Our analysis of international pricing strategies also reveals a consensus within the sector, with the retail prices paid by foreign consumers being adapted because of the need to include all export-related costs. In addition, rates charged to international intermediaries are also adapted, as managers take into account the distribution system and the characteristics of the industry.

Furthermore, the rates offered to Chinese intermediaries are adapted with respect to international prices, and winemakers such as *Codorníu* acknowledge that they also take into account the different import taxes and the cost of marketing activities. These results confirm the conclusions of Cavusgil (1988) and the propositions of Jain (1989) and Myers, Cavusgil, and Diamantopoulos (2002), who assert and propose, respectively, that pricing strategy is influenced by factors such as the nature of the industry, the competition, the distribution system and the legal context.

When analysing international communication strategies, our results found that SMEs delegate communication, promotion and training activities to their importers or distributors, due to limited resources and the greater knowledge of intermediaries about their local markets. This supports the idea that domestic staff, managers and intermediaries are better equipped to more successfully understand and address the challenges raised by the local market (Douglas & Craig, 1989; Hultman et al., 2009).

In order to support their local importers, MNEs take on a highly active role by performing communication and training actions adapted to the local consumers and marketing infrastructures. The availability and consumption of media has encouraged multinationals to adapt their communication strategies, thereby confirming the results of Vrontis et al. (2009).

Furthermore, there is no consensus regarding the distribution strategies employed internationally, since the companies are obliged to adapt to the distribution channels and to the type and number of intermediaries available in each market. This confirms the conclusion of Vrontis et al. (2009) that companies must adapt their marketing mix in response to distinct distribution systems.

Companies usually have to adapt to the distribution systems available in a given country, and those in China are undergoing rapid development. Having said that, the channels and intermediaries are not yet fully defined, thereby validating the assertion by Vrontis et al. (2009) that different degrees of market development are one of the main factors influencing decisions to adapt the marketing mix.

The study of Spanish winemaking companies' international marketing strategies in China asserts that they do not opt for radical positions of total adaptation or standardisation of the elements of the marketing mix. It also reveals that total standardisation is mainly the result of the internal factor of corporate strategy, while adaptation to the Chinese market is mainly the result of external factors such as consumers, distribution systems and legal and sociocultural contexts, in line with the findings of Vrontis et al. (2009). Therefore, the firms studied need to employ both strategies at once, thereby corroborating contingency theory (Cavusgil & Zou, 1994; Hultman et al., 2009; Vrontis et al., 2009).

5.2. MNEs vs SMEs

After reviewing the existing literature in the field of international marketing strategies and obtaining the results from our cross-case analysis, we observe that our sample of winemaking SMEs and MNEs are presented with different opportunities, challenges, and internal and external characteristics that suggest the need to include the size of a particular firm as an internal factor that can affect decision-making related to marketing strategies in international environments.

These differences are reflected in the greater international experience, export volume and scale of operations of MNEs, as well as in their greater availability of human and financial resources (see Table 2), which allow them to create more developed and complex structures abroad, thus advancing internationalisation processes at a faster rate (Alvarez, 2004; Claver, Rienda, & Quer, 2007; Claver, Rienda, & Quer, 2008; Rialp & Rialp, 2001). These resources allow MNEs to open local offices, commercial subsidiaries and production facilities, since both companies in our study have learned that in order to sell such a culturally-rooted product as DO wines and cava, they need to have a physical presence in the host countries.

Both MNEs in our sample opened a local office in Shanghai: *Freixenet* in the 1990s and *Codorníu* in 2001. By 2007, *Freixenet* had turned its office into a sales subsidiary and *Codorníu* opened an Asian sales subsidiary in Singapore in 2013.

Their high levels of commitment to the local market give both corporate groups access to market information and to local distribution systems, as well as the opportunity to acquire a thorough sense of the idiosyncrasies of Chinese consumers, culture and law.

This specialised knowledge allowed both MNEs to adapt their communication strategies, customizing the media and tools employed, as well as their promotional and training activities, previous to an increase in their communication budgets.

The local offices and sales subsidiaries also give companies access to distribution systems and *Guanxi* networks, which help them improve trade relationships with importers and distributors, and also avoid unpaid bills. As revealed by Guo et al. (2018), China is a highly collectivistic and relationship-oriented country in which the use of interpersonal relations and networks is still relevant. Khanna and Palepu (2010) identified that emerging markets present relevant institutional voids and *Guanxi* informally fills this void in China, influencing the way in which foreign companies manage their operations in the market (Chung, Yang, & Huang, 2015).

On the other hand, all four SMEs agree that they delegate their international communication and distribution strategies to importers or distributors abroad, making them responsible for training, PR, promotional and communication activities, as well the selection of intermediaries and channels.

However, the most notable difference between MNEs and SMEs is in the control exerted by companies over the international marketing mix and that employed in China. While the two MNEs, through their Chinese offices and sales subsidiaries, enjoy comprehensive control over international marketing strategies, this control is gradually diluted at the SME level, to the extent that *Sumarroca*, and to some degree *Raventós Rosell*, have lost control over their Chinese intermediaries, including control over distribution, communication, retail price and product positioning. However, *Juvé y Camps*, thanks to its export manager's social skills, experience and continuous trips to China, has successfully found three loyal importers that allow the company to control its marketing activities – though not the marketing mix implemented in the institutional channel or through other local importers.

It seems that local offices or commercial subsidiaries – in the case of MNEs – and loyal distributors – in the case of SMEs – allow companies to access the market information that, together with access to the distribution system, are the main barriers that they face in the Chinese market. This information allows managers to understand the sector, consumer preferences, the main players and role of government, which helps them to make marketing decisions.

6. Conclusions

After suffering the effects of the global economic crisis since 2007, and despite the diversification of risks, the Spanish wine sector is now seeking expansion into new markets. China is a promising target as its wine sector is developing quickly and offers huge market potential (Pan et al., 2006).

We have studied their international marketing strategies following the rigorous case study methodology proposed by Yin (2009, 2014) and by Larrinaga and Rodríguez (2010). In order to contrast different behaviour patterns, four SMEs and two MNEs were selected. Information was obtained from semi-structured interviews conducted with the export managers in charge of the Chinese market.

We attempted to answer three predetermined research questions. The first seeks to understand the degree of standardisation or adaptation of the elements of the marketing mix implemented in China, and the analysis revealed that standardised elements are grouped into product and distribution strategies. Practically all the companies standardise their product range, brand, main label and positioning for the Chinese market, and some of them also standardise their distribution channels and the responsibilities of intermediaries.

With regards to adaptation strategies, the companies perform total or near-total adaptations of their back label, retail prices and intermediary rates, while MNEs also adapt their communication budgets, media and tools. Likewise, the companies in the sector are obliged to adapt their back labels, and distribution intermediaries and channels must be adapted to the systems available in China.

This study therefore corroborates that companies do not opt for radical positions of total standardisation or total adaptation. There are some standardised elements, while others are totally or partially adapted to the Chinese market, thereby validating the contingency theory as applied to the corporate debate of whether to standardise or adapt the marketing mix.

The second research question seeks to understand the internal and external factors that motivate decisions to standardise or adapt the marketing mix. The analysis revealed that internal corporate strategy impacts different elements of international marketing strategies, and does so by supporting the standardisation of products, product ranges, brands, labels, positioning, distribution channels and responsibilities of intermediaries. Meanwhile, the research shows that this factor also affects MNEs, who adapt and increase their communication budgets, since China is a considered a strategic future market.

The characteristics of consumers and marketing infrastructures – specifically, the distribution system – as well as the unique features of the industry and the legal and sociocultural context are the external factors that influence the adaptation of different elements of the marketing mix, such as translations of the brand name, the retail price paid by the consumer, rates charged to intermediaries, communication tools, media, and also channels and intermediaries within the sector.

We should also emphasise that in the case of Spanish winemakers in the Chinese market, legal and cultural factors force companies to adapt their back labels specifically to the Chinese market. Moreover, the channels and intermediaries are undergoing development, which means that companies must adapt to the distribution systems available within the sector, and also to their evolution.

In conclusion, it may be asserted, as supported by the findings of Douglas and Wind (1987) and Vrontis et al. (2009), that there is conflict within the companies analysed in this study: the impact of internal factors mainly supports the standardisation of international marketing strategies, while external factors exert pressure to adapt the marketing mix to China. The companies therefore acknowledge the need to employ both strategies at once, thereby corroborating contingency theory.

The third question sought to evaluate the similarities and/or differences between the international marketing strategies implemented by MNEs and SMEs. The study finds that the human and economic resources of large companies allow them to create local offices or sales subsidiaries in China that permit access to and knowledge of the market, the distribution system, customer preferences and the sociocultural and legal context. This knowledge enables MNEs to customise their communication and distribution strategies, and also to gain total control of the marketing strategies employed in China and access local *Guanxi* networks that further facilitate expedited trade and negotiations.

7. Contributions, limitations and future lines of research

This study contributes to the existing literature in different ways: First, it answers the call from various scholars for more comprehensive empirical evidence in the field of international marketing strategies (Leonidou et al., 2010; Rialp & Rialp, 2007). Our analysis provides specific data on the strategic decisions made by companies when entering emerging markets in terms of the product exported and the marketing plan executed. Secondly, this research answers 'how' and 'why' questions, as it offers a detailed analysis of the mandatory or discretionary adaptations of the marketing mix within the emerging market, supporting the applicability of contingency theory. Specifically, decisions such as the international standardisation of the brand name or its partial/full adaptation in the form of a phonetic/literal translation to Chinese help us to understand the international marketing debate (Cavusgil & Zou, 1994; Hultman et al., 2009; Stoian et al., 2011; Vrontis et al., 2009). Thirdly, the findings identified the need to include the variable of firm size as an internal factor that affects decisions related to international marketing strategies, as we offer an overview of the differences between SMEs and MNEs in this context and observe that size, through firms' mode of entry into the foreign market (either low commitment or high commitment), highly affects the development of the marketing mix. Furthermore, this study highlights the reality of the Chinese wine market, raising awareness about the unique characteristics of its industry and its development as an emerging market, as well as the complexity and opportunities that the country presents to foreign firms. In doing so, we also respond to the academic interest in studying the social, cultural and economic challenges that occur in trade negotiations between Europe and Asia.

Regarding the contributions to business management, the first aspect to emphasise to professionals in the sector, and in particular to the managers of wine companies, is that international expansion is a great opportunity to increase sales and profit as well as reduce the risk of operating only in the domestic market.

In this regard, China offers especially huge potential. However, the main obstacle that businesses will face in China is the difficulty accessing market information and existing distribution channels, because the required channels and intermediaries are not yet fully developed.

As for the standardisation or adaptation of international marketing strategies, standard practices seem to exist within the sector. Specifically for the Chinese market, it should be emphasised that laws and language require the back label of products to be adapted, and companies must adapt to the underdeveloped distribution systems. It is also important to note that companies in the sector apply discretionary adaptations, in order to more appropriately engage Chinese consumers and mitigate the sociocultural differences, representing an adaptation to the country's distribution infrastructure.

One of the stated aims of this research was to offer various propositions for public and private institutions connected with the sector. The first of these would be to reinforce efforts to improve or create mechanisms to help Spanish wine and Catalan cava companies to internationalise.

Concerning the Chinese market, the Spanish government could work through the Chambers of Commerce established in the country to promote Spanish still and sparkling wine, in particular Catalan cava, and travel with Spanish professionals from the sector to help to educate palates and foster a habit of consuming these products. It would also be desirable to encourage cooperation among professionals in both countries and to hold networking sessions that would serve to access *Guanxi* networks and to overcome barriers to entry and expansion in the market.

Despite all the contributions and proposals offered by this research, it is not free of limitations, which in turn suggest future lines of research. The first of these is a consequence of the case study method and, implicitly, the size of the sample. The results should not be generalised and applied to other companies in the sector, as they refer solely and exclusively to the specific Spanish winemakers analysed in the study.

As for the possibility of generalising the results to other European sparkling wines, the belief is that these companies might share certain perceptions regarding the factors motivating or hampering internationalisation in China and the adaptation of the marketing mix, although it must be borne in mind that these companies come from domestic markets with differing characteristics, and that the positioning of their products, as well as their perception of Chinese consumers, may differ.

Another inherent risk of the qualitative case study methodology is the possible lack of objectivity in analysing the information obtained. In order to generate a quality study capable of demonstrating its reliability, constructive validity and internal and external validity, the authors scrupulously followed each of the steps in the method proposed by Yin (2009, 2014) and Larrinaga and Rodríguez (2010), namely: 1) use of a protocol; 2) development of a case-specific database; 3) use of multiple sources of evidence; 4) establishment of the chain of evidence; 5) interviews with key informants; 6) review of the individual results from said informants; 7) use of the Atlas.ti qualitative analysis software programmed by two independent researchers; 8) search for patterns of behaviour; 9) generation of explanations; and 10) use of rival theories.

Taking these limitations as the starting point, one future line of research would be to conduct quantitative studies to compare and confirm the contributions made by the selected companies, and thereby generalise the results obtained across the sector and perform longitudinal studies to examine the evolution of the wine sector in China.

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