

Centralised or decentralized international market strategy



**ASSIGN
BUSTER**

Today, centralised and decentralized marketing strategies are mainstream trends in the contemporary business environment. Many companies operating internationally tend to use either centralised or decentralised marketing strategy, among which it is possible to name such renowned brands as Coca-Cola and Fanta. At this point, it is worth mentioning the fact that both international marketing strategies are effective enough but their effectiveness depends on the business environment and context in which either strategy is introduced by a company. In fact, the implementation of centralised and decentralised international marketing strategy depends on a company and its business environment as well as policies conducted by the company in regard to its product, price, promotion and place of introduction of the product along with consumer behaviour and competition in the industry.

In fact, centralised international marketing strategy has its own advantages as well as disadvantages compared to decentralised marketing strategy (Newel, 2001). First, it is worth mentioning the fact that centralised international marketing strategy allows a company to accumulate its financial and human resources and invest them into the development of one global brand, which is renowned internationally. In this regard, it is possible to refer to the experience of Coca-Cola, the company, which has created a successful international brand and holds the leading position in the beverage world market. In fact, Coca-Cola focused on the centralisation of its operations and creation of the consolidated brand, which became renowned worldwide. As a result, the company has the worldwide network uniting manufacturing facilities and distribution network. In this regard, the company

has proved to be successful in the implementation of the centralised international marketing strategy.

At the same time, it is worth mentioning the fact that centralised international marketing strategy has a number of disadvantages. First of all, the use of the centralised international marketing strategy deprives the company, such as Coca-Cola of the flexibility in local markets. What is meant here is the fact that the company cannot adapt to local business environment and, therefore, the company may fail to adapt to needs of local customers. In this regard, the Coca-Cola imposes its brand and its beverage on customers through the use of the power of its brand. Consumers choose Coca-Cola because it is an international brand renowned worldwide and popular worldwide. On the other hand, beverages produced by Coca-Cola tastes similarly in any part of the world. As a result, the company cannot offer original products adapted to tastes of local customers.

In addition, centralised international marketing strategy deprives companies using this strategy of flexibility. They cannot change their products fast respectively to changing tastes of customers (Mohrman, 1998). For instance, some products may be more successful than others but companies using centralised marketing strategy have a limited choice of products to introduce en masse.

As for companies using decentralised international marketing strategy they can use the full advantage of their strategy compared to companies using centralised marketing strategy. To put it more precisely, companies using decentralised international marketing strategy focus on the development

<https://assignbuster.com/centralised-or-decentralized-international-market-strategy/>

and introduction of products for specific markets. Often companies using decentralised strategy develop specific brands for local markets, where they are renowned and popular and which meet needs and wants of local customers (Masterson and Picton, 2004). In this respect, it is worth mentioning Fanta, who has proved to be quite successful in European market and reached a tremendous success within the EU. On the other hand, this brand is poorly known in America or Asia for instance. In such a situation, the company developing the decentralised international marketing strategy focuses on the introduction of other brands for other markets, such as Kuat in Brazil. In such a way, the company using decentralised international marketing strategy becomes glocal, i. e. global firm has the local focus. In other words, the company uses the local focus, while operating worldwide offering local markets specific, original products that meet the most needs and wants of local customers.

On the other hand, decentralized international marketing strategy has some disadvantages. First of all, this strategy needs substantial financial resources because the development of original and different products compared to companies using centralised international marketing strategy. The latter invest into the development of one product which is sold worldwide, whereas companies using decentralised international marketing strategy have to develop multiple products that need more financial resources (Volti, 2003). In addition, decentralised international marketing strategy needs thorough control over the quality of products manufactured in different parts of the world.

Thus, taking into account all above mentioned, it is important to place emphasis on the fact that the development of centralised and decentralised international marketing strategies can be effective on the condition of their effective implementation respectively to business environment in which companies operate. In fact, centralised international marketing strategy is relatively cheap and, thus, cost effective. On the other hand, the introduction of centralised international marketing strategy makes companies inflexible in contrast to decentralised marketing strategy. In addition, decentralised international marketing strategy allows companies to adapt its products to specific markets. However, decentralised international marketing strategy is not cost effective.