

# Innovation can be centralized or decentralized marketing essay



**ASSIGN  
BUSTER**

Very few organizations can afford to ignore the increasing trend towards globalization. Entrepreneurial organizations that are the first to move often have the most startling success stories. However, those organizations that do not stress test the financial and operational impact on their existing business may lose more than their dream of becoming a global player. Before expanding internationally, you should have a clear picture of what you are trying to achieve. Are you searching for a new and cheaper source of capital, market leading talent, more cost effective production, new markets, or all of the above? (Bartlett, Christopher A., and Sumantra Ghoshal, 2002) Can you execute your strategy alone or do you need strong partners both from an advisory as well as a business perspective? You should consider the pressure global expansion may have on your domestic operations in terms of finance, management time and human resources. Will you enter the identified market(s) through acquisition, joint venture, a partnership or a green field development? Ensure you test your assumptions and have a clear understanding of how long it will take to turn a profit.

Successful International Marketing strategy should have the following form:

All activities involved in planning, pricing, distributing and selling product or service

Very important rule of Marketing Mix – consists of 4 P's and 2 C's

4Ps – Product, Price, Place, Promotion and 2Cs – Consumer and Competition

Designed to fulfill human wants and needs

Organization in which senior management reserves much of the power necessary to make critical decisions, are called centralized. Decentralized – organization in which the power is concentrated in lower levels of management..

We can define the factor of centralization by the following characteristics.

1. Number of decisions made by lower levels management. The more decisions made by lower-level managers – the higher degree of decentralization.
2. The importance of decisions made by lower levels. In decentralized organization manager of middle and lower level can make decisions related to the cost of significant material and labor resources.(Breuss, Fritz and Markus Eller 2004),
3. Consequences of decisions made in lower levels.

Centralized strategy becomes important for domestic manufacturers to offer a shorter lead-time at the expense of higher prices instead of going into aggressive price cuts. Decentralized decision making strategy may dominate a centralized decision making strategy. For example, a firm may choose to compete against the low prices of a higher capacity firm with a decentralized strategy to maximize its market share. A firm with an increased advantage over price competition, where customers are less sensitive to its prices in comparison to competition, can also benefit from a decentralized strategy. Managers in a highly decentralized organization rarely check the daily decisions of subordinate, with assumption that all of these decisions are

correct. Actions of management's evaluation are based on the total results, especially, the level of profitability and growth of the organization.

Some departments may be more centralized than others in the network of the same organization.

There is a difference between operating around the globe, and being global. Globalization refers to the process of streamlining and standardizing communications, business functions and management practices throughout the global organization. While the global offices remain sensitive to cultural and compliance issues in the markets they serve, the organization functions as an integrated, global enterprise. This model, reflecting the new economic realities of a 24/7 global marketplace, can be summarized as: " Think Local, Act Global."

Globalization touches all businesses today, regardless of size or location. A small company or specialty manufacturer might not serve an international audience, but the organization can improve its supply-side economics by finding alternate sources of product and services in other markets. For large corporations, the benefits are far-reaching – literally spanning the globe. Among companies around the world, there is near unanimous agreement that globalization is a strategic priority, however, uncertainty exists over how to enact such comprehensive change. Corporate decision-makers tend to see globalization primarily as a technology challenge, but from our experience, the largest impediment to globalization is cultural.

The " Think Global, Act Local" mindset is firmly rooted in corporate culture.

Within most large, geographically dispersed organizations, the overseas  
<https://assignbuster.com/innovation-can-be-centralized-or-decentralized-marketing-essay/>

offices and subsidiaries continue to operate with a great deal of autonomy. Seeped in the local business customs and laws, the in-country managers are regarded as regional experts and their decisions regarding that market are largely deferred to. They typically have proprietary IT systems to handle various aspects of their business, and purchase goods and services from local vendors and suppliers.

For example the Coca Cola -brand, consistent packaging / product features / logo - in 2008 was #1 Global Brand - as one of the most recognized

The advantages and disadvantages of centralized versus decentralized organizational structures lies greatly in the inherent qualities and effects of the structures themselves

Centralized structures are becoming rare because of their many disadvantages. Due to power being consolidated at the top of the organization, risk is great if the top of the organization becomes incapable of leading the organization (death, illness, or massive organizational size causing a weak span of control). Employees also will feel less motivated to perform for the organization as they will not have an avenue for sharing their ideas on how to improve the organization

Decentralized organizations are becoming more popular as the ability for organizations to decentralize increases.(Akai, Nobuo and Masayo Sakata 2002 ) Decentralization allows organizations to take advantage of division of labor by sharing decision-making across the organization Another advantage of decentralization is allowing for the managers of business areas to actually use their first hand knowledge and experience to improve their areas.  
<https://assignbuster.com/innovation-can-be-centralized-or-decentralized-marketing-essay/>

Brands like Coca-Cola, Ford and Santander are guiding the way forward, showing the world that it is possible to win in this marketplace, and build the trust and loyalty that influence customer demand, despite the many risks.

Coca-Cola brand is centralized and Other brands like: (Fanta – Europe, Kuat – Brazil) are decentralized (Interbrand. Com “ Best global brands – 2010)

Coca-Cola is 124 year old brand stays relevant Year after year, Coca-Cola demonstrates its ability to adapt to whatever challenges the marketplace throws its way. The number one brand for the 11th year in a row makes its brand central to its business operations. This year, for example, it oriented business operations around a new philosophy of “ consumer engagement,” which yielded benefits such as a more robust social media strategy, continued development of owned media projects like its World of Coca-Cola Museum, smart product placements and ads that stir emotions.

## Conclusion

Today decentralized structure has many followers. This is partially explained the fact that in decentralized structure incorporated the idea that people are inherently able successfully cope with the tasks. Such structure is proved by numerous examples of effectiveness. Major American corporations have decentralized organizations. Their overall structure is based on the principle of the federal decentralization, in which the managers of the major departments can operate almost independently with all that relates to their products.( Schakel, Arjan H. (2008) But even the most ardent following of decentralization will recognize that this is not the only way out for any situation. And centralization and decentralization have their advantages and

disadvantages, the ratio is determined by external and internal variables

Disadvantages of centralization consist in the fact that it close ways of

receiving advantages from decentralization and vice versa.