

MODELS OF GDW & COORDINATION/CONTROL

STATE OF THE ART IN GLOBAL MARKETING COORDINATION

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A fundamental question in international marketing concerns the effectiveness of marketing coordination mechanisms internationally. The primary objective of this paper is to present an overview and evaluation of the coordination debate from an international marketing management view. Central issues of interest include a discussion of central, local and participative coordination and an evaluation of each approach that is presented.

Keywords:

international marketing management, marketing coordination, coordination mechanisms

1. INTRODUCTION

The internationalization of companies presents the marketing-management with new challenges. On the one hand, independent market cultivation in terms of a country-specific optimization of marketing activities is no longer possible because of interdependencies between the marketplaces. On the other hand, spatial, cultural and temporal distances between the headquarter and the foreign markets complicate efficient central planning and execution of marketing activities (Raffée and Kreutzer 1986, p. 20). In order to preserve the economic unity of the company and configurate its' capacity across countries economically (cp. Dobry 1983, p. 3), the coordination of marketing activities across countries is of central significance.

By means of coordination transnational divisional processes should be aligned (Herrmanns and Wißmeier 1995, p. 36). An essential question, that needs to be answered by companies operating internationally, is the demand for efficient coordination of marketing activities. This question does not least result from the conflict, which coordination implicates: On the one hand, coordination serves to come to a local decision in accordance with the corporate strategy. On the other hand, coordination should not restrict the motivation of subsidiaries to generate entrepreneurial initiative and the ability to adapt to country-specific conditions.

Despite the pivotal importance of coordination in the field of marketing, coordination in international marketing-management is merely renowned as a supplementation of the fields planning, organisation and monitoring and not as an autonomous function (Hermanns 1995; Steinmann and Schreyögg 1990). Meffert and Bolz (1998, p. 240) also describe coordination in this context as pattern supporting mechanism.

The primary objective of this research is to give an overview of basic coordination patterns, which already exist in the literature of international marketing. Central starting points are methods of coordination and basic approaches. After the assignment of a definition of the term coordination, different methods and basic approaches to coordinate transnational marketing activities will be demonstrated. Moreover, formal and informal coordination mechanisms will be distinguished. After a short historical abstract, the coordination approach will be defined, described and critically appreciated. Finally, a summary and an outlook on future challenges will be provided.

2. A DEFINITION OF COORDINATION

A precise definition of coordination is not given in the literature. In this regard, Alexander (1995, p. 3) straightens out: "If we do not know what coordination is, it is not because there are no definitions [...] it is because there are too many definitions and too little agreement". Coordination can be related to decisions or actions (Alexander 1995, p. 4). In regard to decisions, Hax (1965) and Lindblom (1965) were probably the first researchers who defined coordination as the setting of mutual decision-makings (cp. Kirsch 1971; Plump 1976). On the other side, coordination can be related to actions: "Coordination happen insofar as different actions of various actors become linked to constitute chains of actions" (Kaufmann, Majone, and Ostrom 1986, p. 790). Porter (1989) and Roth (1992) define coordination as the linking of activities across locations. Martinez and Jarillo (1991, p. 3) define coordination as "the process of integrating activities that remain dispersed across subsidiaries". This article takes as a basis the definition of coordination according to Martinez and Jarillo (1991).

implicating subsidiaries in the process of decision-making. Many authors have occupied themselves with this topic since the first naming of the participative basic approaches.

The following basic approaches are discussed in the literature:

- Global Coordination Groups,
- Lead Country Concept,
- Profit Centre,
- Centre of Excellence and
- Network concept

These participative basic approaches will be discussed in the course of this overview.

2.3 Global Coordination Groups

A participative basic approach in order to coordinate international activities of global companies is called global coordination groups (Berndt, Altobelli, and Sander 2003; Hermanns 1995; Macharzina and Oesterle 1995). Delegates of every subsidiary and members of the central marketing compile in specialised groups concepts and unified best practices (Meffert 1989, p. 1424) in accordance with the principle of countervailing influence (Kreutzer 1989a, p. 91). By this means, decisions are obtained, which are supported by the parent country as well as the subsidiaries. The principle task of the coordination group is the development of content-related and process-related concepts, which should also be implemented simultaneously in cooperation with the subsidiaries. Concerning the contents, the coordination groups can be arranged as Strategic Planning Groups, Creative Communication Groups, Research Groups, Creative R&D Groups or Personnel Groups (Raffée and Kreutzer 1986, p. 13).

Within the framework of Creative Communication Group, Peebles, Ryans and Vernon (1978) argue for a programmed management approach for the development of international advertising. The authors believe that the approach is a useful framework that “offers a method for determining and implementing effective advertising campaigns in several market areas simultaneously” (Peebles, Ryans, and Vernon 1978, p. 34). The approach facilitates two-way communication. Peebles, Ryans and Vernon call this result a “product of teamwork, a blending of effort by corporate, local market, and agency representatives” (Peebles, Ryans, and Vernon 1978, p. 34).

The transnational participation is seen as an advantage of global coordination groups because it helps to destroy the one-sided head office dominating position of power (Raffée and Kreutzer 1986, p. 15). Through the transfer of know-how, professional competence from the different companies is being accumulated so that decisions can be made rationally (Meffert and Bolz 1998, p. 275). The complexity of the system, the adjunctive problems of decision-making as well as cost intensity have a negative effect on the motivation of the members of the coordination group (Meffert 1989, p. 1425). These disadvantages can be antagonised by a rotation of the membership in the coordination group (Raffée and Kreutzer 1986, p. 16) and also through the employment of new information and communication technologies (Macharzina and Oesterle 1995, p. 331).

2.4 Lead Country Concept

The basic approach, which accounts for the participative thoughts the most, is the Lead Country Concept (Kreutzer 1987; Raffée and Kreutzer 1986). The underlying idea of this approach is found in the delegation of certain responsibilities on branch offices of a country. An organizational entity (headquarters, for example) consequently takes on the role of the coordinator and the “Primus inter pare” for a bigger regional entity or even the world market. Thereby the entire expertise for marketing decisions is distributed among several countries including the parent company (Hünerberg 1994, p. 459). The marketing concepts, which have been elaborated by a lead country, constitute the foundation for the market cultivation in the other countries. The presupposition is a high potential for standardisation of the elements of the marketing mix, whereas country-specific adaptations are seen as acceptable and necessary. The concrete assignment of the lead function depends on different criteria, which are, in particular, the marketing competence of the entities of the company, strategic importance of the included markets, the image of the country, product type and legal conditions of the concerned countries (Kreutzer 1987, p. 416).

3. SUMMARY AND CONCLUSIONS

From the available evidence it appears that marketing coordination, if posited in terms of coordination of marketing activities in an international context, is relatively rare. An important fact is that coordination of marketing activities is seen as an additional function to organization, planning and control. With this background the objective of the paper was to give an overview of the coordination approaches from an international marketing management view. The different definitions of the term coordination were presented. Marketing coordination is defined according to Plump (1976). The debate centralization vs. decentralization is given in short. As a solution, participative coordination approaches are presented. After evaluating every approach it seems to be clear that no approach has only positive effects. Future challenges are especially seen in new technologies and in strengthening the national feeling. In particular, the information and communication technology will facilitate the coordination of international marketing. Video or phone conferences can overcome the regional and temporary distance between the head office and the subsidiaries. In contrast the strengthening of the national feeling is seen as threats as it can complicate the relationship between headquarter and the subsidiaries.

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