Marketing management at Regional Headquarters in Singapore

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The objective of this study is to explore key factors for marketing success of Regional Headquarters (RHQ). In-depth interviews were conducted in Singapore with marketing managers at six American, European, and Japanese MNCs. The results were analyzed to formulate research hypotheses. Key factors for marketing success of RHQ were advanced: (1) personal and organizational information sharing among HQ, RHQ, and local subsidiaries, (2) Empowerment of marketing decision-making for RHQ marketing managers, (3) Unique knowledge of RHQ, e.g. governmental connections, and quickly changing market environment, (4) Capabilities of integration between HQ’s experience and local knowledge, (5) Ability of measuring potential of each local market.

Objective

This study aims to identify key factors of success for marketing management at regional headquarters (RHQ) of multinational corporations (MNCs). RHQ can be defined as independent subsidiaries of MNCs located in different geographical regions from their headquarters and RHQs have decision-making power over other subsidiaries in their regions (Finger & Menipaz, 2008). The importance of RHQ was pointed out in business literature, first in Europe Region in 1970’s (Parks, Hockett, & Lipp, 1974), and later in Asia Pacific Region in 2010’s (European Chamber of Commerce in China, 2011). Rugman & Verbeke(2004) pointed out that the world’s largest firms are not truly global; however, they are regionally based in terms of breadth and depth of market coverage.

Recently, MNCs are establishing more RHQs in Singapore to cover their overseas business in South East Asia; However, RHQ’s roles and function, particularly in marketing management, are not well understood yet.

Past literature of RHQ has revealed the following points:
(1) RHQs help to facilitate more interdependencies within the region, but coordination of interdependencies across regions is harmed (Nell, Ambos, & Schlegelmich, 2011).
(2) Decision-making rights are constantly challenged between corporate, regional, and local levels; i.e. the roles and rights of RHQ sometimes are ambiguous and not clearly defined. (Nell, Ambos, & Schlegelmich, 2011).

(3) Regions have their unique challenges and need ‘regional solutions’. (Morrison & Ross, 1992)
(4) Integrated theories combining issues of RHQ roles, structure, and location are lacking. (Finger & Menipaz, 2008)

It was found that few studies have conducted regarding marketing roles of RHQ from perspective of international marketing research. Major research question of this study was the following:
What are the key factors for success for marketing strategy of RHQ?

Methodology

This study is based on intensive interviews with marketing managers at RHQs in Singapore area. This study was inductive in nature and tried to generate hypotheses to formulate theories which are to be tested in the future study.

Interviews were conducted with the following MNCs: Two American companies from IT industry and one European electric company, and three Japanese companies from automobile, precision machines, and IT corporations. JETRO(Japan External Trade Organization) in Singapore was also interviewed for the purpose of interpreting the interview results.

All these MNCs were judged to be successful in their business in Asia-Pacific region and interviews were thought to be useful for the purpose of generating hypotheses of marketing KFS. The result of the interview were recorded, transcribed, and analyzed by the author.

Findings

The following hypotheses were constructed from interviews:

(1) Intra-regional information sharing by expatriates from HQ, region-originated staff in HQ, and local-originated staff in RHQ plays important roles in formulating regional marketing strategy.

---This is because product development are mainly conducted by HQ and expatriates who had working
experience for HQ can share knowledges of product development process and product designs with regional and local staff. On the other hand, region-originated staff in HQ and local-originated staff in RQ can efficiently share local/regional market knowledge within HQ. Therefore this marketing information sharing within MNC is the key for planning and implementation of regional marketing strategy.

(2) Regional marketing managers tend to be empowered in marketing decision-making and to be responsible for formulation and implementation of marketing strategy in their region.

---Regional marketing managers understand local market needs of their subsidiaries better than HQ. HQ rarely intervenes in regional marketing actions, except for budgeting, product development, and basic marketing framework.

(3) Regional marketing managers own detailed local market knowledge including personal network, local market conditions and changes of market environment, and have longer range perspectives of marketing than local subsidiaries.

---These detailed local knowledge are hard to obtain for HQ and local subsidiaries. HQ cannot have these local-based knowledge, and Subsidiaries tend to be short-sighted by day-to-day sales responsibilities.

(4) The advantages of RHQ marketing management is that they can combine HQ’s successful marketing experience with local knowledge, and that transfer marketing experience/knowledge from one local subsidiary to another.

---RHQ of a Japanese precision machine company could succeed by studying Chinese and Japanese market cases and find out similar market structure in Thailand by marketing research. Then they went on to implement identical marketing strategy in Thailand.

(5) RHQ can measure potential of local markets, i.e. market growth in future, and prioritize the level of marketing investment one market over others more effectively than HQ.

---RHQ owns more local information and knowledge of each local market, which quickly changes over time, than HQ.

Discussion

We have observed successful cases of RHQ marketing and found that in order to be successful, personal and organizational information sharing among HQ, RHQ, and local subsidiaries is critical to avoid organizational conflict and also to create more effective marketing strategies. Empowerment of marketing decision-making for regional marketing managers was also frequently observed in successful RHQs.

There are RHQ’s unique marketing knowledge which RQ and locals are hard to have, e.g. Personal business network, connections with local governments, and quickly changing environment of the region. Successful RHQs have unique capabilities of integration between HQ’s home country experience and local knowledge.

Finally, RHQ marketing managers can have longer-term perspectives and measure the potential of each local market to determine levels of marketing investment.

References


From the website: http://lipas.uwasa.fi/~phelo/ICIL2008TelAviv/47.pdf


