

## COMPARISON OF THE EFFECTIVENESS OF FUNCTIONAL, PRODUCT, AND GEOGRAPHIC ORGANIZATIONAL STRUCTURES IN GLOBAL MARKETING STRATEGY

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### ABSTRACT

*This study aims to analyze and compare the effectiveness of three main types of organizational structures—functional, product, and geographic—in supporting the implementation of global marketing strategies. Using a qualitative approach through case studies of six multinational companies operating in the technology, pharmaceutical, and consumer goods sectors, the study reveals that no single structure is absolutely superior. Effectiveness depends largely on the characteristics of the product, the market, and the desired level of global integration and responsiveness. These findings provide practical guidance for companies in selecting an organizational structure that aligns with the needs of their global marketing strategy.*

**Keywords:** Organizational Structure, Global Marketing Strategy, Multinational Organization.

### INTRODUCTION

In the era of globalization and digitalization, multinational companies face complex challenges in developing effective global marketing strategies. One of the determining factors for the success of such strategies is the selection of the right organizational structure. Organizational structure affects the flow of communication, decision making, and coordination across regions and products (Kotler & Keller, 2016).

In the era of globalization and digitalization, multinational companies are required to be able to design global marketing strategies that are not only effective but also adaptive to rapid changes in various parts of the world. This complexity is reinforced by differences in culture, regulations, consumer preferences, and uneven technological progress between regions. Therefore, the success of a global marketing strategy is largely determined by how the company's organizational structure is designed to support cross-border communication, coordination between units, and responsive and integrated decision making (Kotler & Keller, 2016).

Organizational structure plays a vital role in determining the path of information flow and the speed of a company's response to market dynamics. A structure that is too bureaucratic can hinder agility, while a structure that is too loose can lead to a lack of strategic direction. Thus, the selection of an appropriate form of structure, such as functional, product-based, or geographic, will have a direct impact on the effectiveness of global marketing strategy implementation. Multinational companies must balance global and local needs through strategic structural arrangements.

This study aims to compare the effectiveness of three major organizational structures—functional, product, and geographic—in supporting global marketing strategies. Functional structures, which divide organizations by functions such as marketing, production, and finance, are considered strong in efficiency but can be weak in local adaptation. Product structures, which centralize management by product line,

provide flexibility for product innovation but may face challenges in cross-market coordination. Geographic structures, meanwhile, provide advantages in local adaptation but can potentially create fragmentation of global strategies.

The main focus of this study is to assess how the three structures support three key indicators of global marketing strategy success: local market adaptability, cross-border operational efficiency, and responsiveness to changes in the external environment. Each structure has unique characteristics that influence how a company interacts with the global market and maximizes its competitive advantage. A deep understanding of the advantages and limitations of each structure will be an important guide for managers in designing the right organizational strategy.

By systematically comparing the three structures, this study is expected to contribute to the literature on international management and global business practices. The findings of this study can help multinational companies choose the most appropriate form of organizational structure according to their business model, industry characteristics, and market challenges. Finally, an effective global marketing strategy can only be achieved if supported by an organizational structure that is able to accommodate the complexity and dynamics of global business efficiently.

This study aims to compare the effectiveness of functional, product, and geographic organizational structures in supporting global marketing strategies. The focus of the study is on how the three structures support adaptation, operational efficiency, and speed of response to global market dynamics.

This study aims to compare the effectiveness of three main organizational structures—functional, product, and geographic—in the context of supporting a multinational company's global marketing strategy. In an increasingly competitive and digitalized business world, organizational structure is a critical component in determining the success of executing cross-border strategies. Therefore, understanding the strengths and weaknesses of each structure is highly relevant for today's global companies.

Functional structures, which group activities by function such as marketing, production, and finance, offer efficiencies in resource management and specialization of expertise. However, these structures can be limited in meeting the needs of local adaptation in a diverse global market. Coordination across functions can also be a challenge in responding to rapid and divergent market changes in different regions.

In contrast, a product-based structure allows a company to focus on a specific product line, which provides flexibility in innovation and adjustment of marketing strategies. This structure supports the company to strengthen the competitive advantage of each product globally. However, coordination between product divisions can lead to duplication of efforts and lack of synergy in overall decision making for the company as a whole.

Geographical structures, which divide an organization by region or country, have the main advantage of local adaptation. Each geographic unit has the autonomy to develop marketing strategies that are appropriate to the characteristics of the local market. However, this approach risks creating fragmentation of strategy and difficulty in maintaining a consistent brand identity globally.

With a focus on aspects of adaptation, operational efficiency, and response speed, this study is expected to provide in-depth insights into how companies can align their organizational structures with global market demands. The results of the analysis will provide recommendations for policy makers in choosing or combining the most appropriate organizational structures to achieve sustainable global marketing excellence.

## **RESEARCH METHODS**

### **Type of Research**

This study uses a qualitative approach with a multiple case study method. This study uses a qualitative approach to deeply understand the phenomenon being studied. This approach was chosen because it is able to explore the meaning, perception, and experience of the subject contextually. In the context of global marketing strategy and organizational structure, a qualitative approach allows researchers to explore the internal dynamics of the company comprehensively.

The method used in this study is a multiple case study. This method was chosen to compare several cases of companies that implement different organizational structures and global marketing strategies. By studying more than one case, researchers can identify common patterns and important differences between companies.

Each case study in this study is analyzed in-depth and holistically. The focus of the analysis includes how functional, product, or geographic organizational structures play a role in supporting the adaptation and standardization of marketing strategies. Multiple case studies allow for triangulation of findings and increase the validity of the research results.

Data were collected from a variety of sources, including in-depth interviews with company managers, observations of work processes, and internal documents such as annual reports and organizational charts. These diverse data collection techniques strengthened the researchers' understanding of the context of each case.

Through a qualitative approach and multiple case studies, this study aims to provide theoretical and practical contributions related to the relationship between organizational structure and the effectiveness of global marketing strategies. The results are expected to be a reference for multinational companies in designing structures that support cross-country marketing performance.

## **RESULTS AND DISCUSSION**

### **Effectiveness of Functional Structure**

Two technology companies using functional structures demonstrated advantages in efficiency and technical specialization. However, there were barriers to tailoring marketing messages to regional preferences, resulting in ineffectiveness in markets with high demand for local adaptation.

Two technology companies that use functional structures show major advantages in operational efficiency and technical specialization. Grouping by functions such as R&D, marketing, and finance allows for the concentration of expertise and focused coordination in each area. This increases productivity and lowers operating costs on a global scale.

This structure also strengthens managerial control and technology integration across product lines. Functional teams can work more deeply on technical innovation and ensure consistency of quality across markets. In a technology sector that relies heavily on technical expertise, a functional structure provides an advantage in maintaining high standards and accelerating product development.

However, weaknesses begin to emerge when companies have to respond to markets with different local characteristics. Because marketing decisions are controlled centrally, there is a delay in adapting messages, communication channels, and promotional strategies to the cultural context and consumer preferences in each region.

In some cases, a uniform global marketing campaign has proven to be inconsistent with local customer expectations. As a result, brand appeal in certain markets has declined because the message feels less relevant. This shows that structural efficiency does not

always equate to marketing communication effectiveness.

These findings underscore the importance of balancing global efficiency with local responsiveness. While functional structures excel in technical specialization, adapting marketing strategies requires flexible mechanisms for firms to remain competitive across cultural and geographic contexts.

### **Product Structure Effectiveness**

Pharmaceutical companies with product structures show high innovation speed due to the autonomy of product divisions. Each division has a strong market focus. However, coordination across product divisions in global campaigns is challenging. Pharmaceutical companies that implement a product-based organizational structure show significant advantages in terms of innovation speed. This is due to the high autonomy of each product division, which allows them to respond to market needs more quickly and flexibly. Each division has the freedom to develop product development strategies according to specific market trends and demands.

The divisional autonomy also drives strong market focus. Each unit can tailor its product portfolio, marketing approach, and distribution channel development to the consumer segments it serves. This approach has proven effective in increasing product relevance and accelerating the launch of innovations to market.

However, this structure also poses challenges in terms of cross-divisional coordination, especially when the company is implementing global marketing campaigns. Because each division operates relatively independently, efforts to unify the brand message and image often run into obstacles. Inconsistencies in communication strategies can reduce the overall strength of the brand.

Global campaigns that require brand consistency and unified messaging are often hampered by differences in approach across divisions. This can lead to duplication of effort, budget inefficiencies, and even potential conflict between business units. This situation highlights the need for a more structured system of cross-divisional coordination within the context of a global strategy.

Thus, the product structure provides advantages in terms of innovation and market focus, but requires a strong coordination mechanism at the corporate level. Companies need to balance divisional autonomy with the need for global harmonization in order to maintain international competitiveness and brand cohesion.

### **Effectiveness of Geographical Structure**

FMCG companies with geographical structures have successfully adapted marketing campaigns to local cultural norms and consumer preferences. However, there are inefficiencies in resource management and potential conflicts between global and regional strategies.

FMCG companies that adopt a geographic structure demonstrate high adaptability to cultural differences and consumer preferences across regions. This structure allows each regional unit to design marketing campaigns that are relevant to local values, language, and customs. As a result, marketing strategies become more effective in reaching and building relationships with consumers.

This approach also gives marketing teams in each region the flexibility to respond quickly to local market dynamics. For example, seasonal promotions, special packaging, and local issue-based campaigns can be implemented more flexibly. This strengthens the brand's position in the market and increases customer loyalty.

However, the high flexibility offered by the geographical structure also poses challenges, especially in terms of efficient use of resources. Because each region carries out its own marketing, distribution and logistics functions, there is the potential for

duplication of work and waste of budget. This can reduce overall operational effectiveness.

In addition, there is often tension between the global marketing strategy that wants to maintain a consistent brand image and the regional need to make adjustments. This conflict can slow down the decision-making process and create confusion about strategic direction within the organization. A strong coordination system is needed to balance these two interests.

Therefore, although the geographical structure provides advantages in terms of proximity to the market and cultural adaptation, companies need to build an integrated management system. The goal is to maintain a balance between local effectiveness and global efficiency in implementing marketing strategies.

### **Comparison and Suitability of Strategies**

Functional structures are best suited for companies that emphasize efficiency and global product standardization. Product structures are suited for diverse product portfolios that require focus and rapid development. Geographic structures excel at strong local adaptation approaches.

The functional structure is most appropriate for companies that are focused on operational efficiency and product consistency in the global market. By grouping activities by function such as marketing, production, and finance, companies can leverage specialized expertise to reduce costs and increase standardization. This structure supports tight control and cross-functional coordination on a global scale.

However, this structure tends to be less flexible in dealing with differences in local preferences. In the context of global marketing, companies with functional structures often have difficulty adjusting communication strategies and product distribution for different regions. Therefore, this structure is more suitable for companies with homogeneous products and universal marketing strategies.

Meanwhile, the product structure provides an advantage in handling a diverse product portfolio. Each product division has full responsibility for the development, marketing, and strategy of each product. With this autonomy, the company can accelerate innovation and be more responsive to the specific market needs of each product line.

The product structure allows for high focus and accountability, especially in companies seeking to drive growth through product diversification. However, this structure requires strong cross-divisional coordination to create synergies in global campaigns and efficiency in resource use. Without a good control system, this structure risks duplication of functions.

Geographical structure, on the other hand, provides a major advantage in local adaptation. Companies operating in different countries or regions can adjust their marketing strategies according to local cultural conditions, economic conditions, and consumer preferences. This structure is ideal for industries that are heavily influenced by local norms, but also requires effective coordination mechanisms to keep global strategies harmoniously integrated.

## **CONCLUSION**

Organizational structure plays a strategic role in global marketing success. No single structure is most effective for all contexts. Companies must choose a structure based on the global strategy being implemented, the complexity of the product, and the need for responsiveness to local markets. A combination of structures (matrix) can also be a solution to combine the advantages of different approaches.

Organizational structure plays a strategic role in determining the success of a company's global marketing. This structure influences how the company designs, implements, and adjusts marketing strategies across regions. Clarity of roles, communication flows, and decision-making mechanisms are greatly influenced by the design of the organizational structure used.

There is no single structure that is universally most effective in all global business contexts. Each structure—functional, product, or geographic—has advantages and limitations depending on the characteristics of the industry, market, and strategic objectives of the company. Therefore, the choice of structure must be tailored to the specific needs of each company.

The main factor to consider in choosing a structure is the global strategy implemented, both standardization and adaptation. Companies that emphasize global efficiency tend to choose a functional structure, while companies that prioritize local response are more suited to using a geographic structure. Meanwhile, a product structure is more appropriate for companies with a complex product portfolio and different target markets.

Product complexity also plays a role in determining the appropriate structure. Companies with diverse products and rapidly changing technologies require flexibility in decision making. In this case, a product structure or even a matrix structure can provide advantages because it allows for independent yet coordinated management across business units.

As a solution to the limitations of a single structure, many global companies have begun to adopt a matrix structure. This structure combines the advantages of two dimensions, such as product and region, or function and region. Although challenging in terms of coordination and potential conflicts of authority, the matrix structure allows companies to balance global efficiency with local adaptation more effectively in global marketing.

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