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MBA- Masters of Business Administration  
International Business - LCMB7014

# Ted Baker's International Strategy case study



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## **Introduction:**

In today's interconnected and highly competitive global business landscape, internationalization has emerged as a critical factor for companies looking to expand their operations beyond their domestic borders. To remain competitive and achieve sustainable growth, organizations must carefully consider their internationalization strategy. The choice between ethnocentric, polycentric, and geocentric approaches significantly impacts the success of a company's foreign subsidiaries.

This coursework aims to delve into the topic of internationalization strategies and their influence on the success of foreign subsidiaries, using a Ted Baker case study as the focal point. The case study will serve as a real-world example to critically discuss the approach adopted by the company in expanding its operations globally. Additionally, we will examine how contextual factors, such as PESTLE (Political, Economic, Social, Technological, Legal, and Environmental), influenced the decision-making process.

## **Importance and Key Concepts:**

The significance of this analysis lies in the growing importance of internationalization for companies seeking growth opportunities beyond their domestic markets. Understanding the complexities of internationalization strategies and their implications can provide valuable insights for strategic management and decision-making in the global business arena.

## **Key Concepts and Theories:**

Internationalization Strategies: Ethnocentric, polycentric, and geocentric approaches represent distinct ways companies can structure their global operations. Each approach has its advantages and challenges and can impact various aspects of business operations, including marketing, staffing, and decision-making.

Contextual Factors (PESTLE Analysis): Contextual factors play a vital role in shaping a company's internationalization strategy. A PESTLE analysis assesses the macro-environmental factors affecting a company's operations in foreign markets, including political stability, economic conditions, societal norms, technological advancements, legal regulations, and environmental concerns.

### **Main Objectives of the Coursework:**

Analyze Ted Baker's internationalization strategy: The coursework aims to critically examine the specific internationalization strategy adopted by Ted Baker and explore the rationale behind its choice of approach (ethnocentric, polycentric, or geocentric).

Evaluate the impact of internationalization strategy on success: By studying Ted Baker's case study, identification on how the chosen internationalization strategy affected the success and performance of its foreign subsidiaries will be made.

Explore the influence of contextual factors: Investigate how PESTLE factors influenced Ted Baker's decision-making process regarding its international expansion and understand how these factors can shape companies' strategic choices in the global market.

## **Importance and Contribution to Existing Knowledge:**

This analysis will contribute to the existing body of knowledge in several ways:

**Practical Insights:** The findings will provide practical insights for businesses considering internationalization, helping them make informed decisions based on the experiences and challenges faced by Ted Baker in its expansion.

**Strategic Management Implications:** The analysis can aid strategic management by shedding light on the various internationalization strategies and their implications for global business operations.

**Contextual Understanding:** By examining how contextual factors influenced Ted Baker's decisions, the research will emphasize the importance of considering the broader macro-environmental factors while formulating internationalization strategies.

Overall, internationalization has become a pivotal aspect of strategic management for businesses aiming to expand their presence in the global market. This analysis of Ted Baker's internationalization strategy and the influence of contextual factors will provide valuable insights for organizations seeking to navigate the complexities of global expansion successfully. Understanding how these factors interact and impact decision-making will equip businesses with practical knowledge to enhance their internationalization efforts and achieve sustainable growth in an ever-evolving global business landscape.

## **Main body (Part One)**

### **1.1 Introducing Selected MNE**

**Company background:**

A British high-street fashion retailer called Ted Baker is well-known for its blazer's tops, and dresses. It was founded in 1988 in Glasgow, Scotland by Ray Kelvin (Lim, 2022). The company has over 500 shops and concessions around the world and is owned by Authentic Brands Group, after its £211 million acquisition in October 2022. Ted Baker has stores and outlets in Europe, the United States, Canada, Australia, Asia, South Africa, and the Middle East (Wikipedia, 2023). As of 2018, Ted Baker has 500 stores and concessions worldwide: 192 in the UK (United Kingdom), 98 in Europe, 111 in the US and Canada, 80 in the Middle East, Africa, and Asia, and 9 in Australia (Wikipedia, 2023).



Source: (Saker-Clark, 2022)

Notable achievements and distinctions of Ted Baker include:

- The company later updated its name to "No Ordinary Designer Label Limited" and went public as Ted Baker PLC. (Ted Baker, 2023)

- In New York, the country's first independent store officially launched.
- The company has negotiated a range of licensed goods, including perfume, eyewear, and other accessories (Cengage, 2023).
- As an individual shirt expert store in 1988, Ted Baker has expanded into a worldwide lifestyle company that sells men's clothing, clothing for women, accessories, as well as everything in between (Fashion ABC, 2023). Ted Baker operates in the fashion industry and has expanded its high street presence.

#### **Home country:**

Ted Baker is a British fashion brand that originated and is headquartered in the United Kingdom (Cengage, 2023). The following are some characteristics of the UK's business environment, market conditions, and cultural aspects that may influence Ted Baker's internationalization strategy:

#### **Business Environment:**

- The UK has a well-developed and stable economy, which can provide a favorable environment for businesses (Cengage, 2023).
- The UK is a member of the European Union, which allows for free trade and movement of goods and services within the EU.

#### **Market Conditions:**

- The UK has a mature market for fashion and apparel, which may make it more difficult for Ted Baker to achieve significant growth in the UK market.
- The UK has a prominent level of competition in the fashion industry, with many established brands and retailers.

#### Cultural Aspects:

- The UK has a diverse and multicultural society, which may influence Ted Baker's marketing and branding strategies.
- British fashion is known for its creativity, innovation, and quality, which may be reflected in Ted Baker's brand identity and product offerings.

In terms of Ted Baker's internationalization strategy, the company has expanded into various international markets, including the US, Europe, Australia, and New Zealand (Cengage, 2023). The company has used different strategies for entering these markets, such as forming partnerships with local companies and establishing franchise agreements. The company's success in these markets may depend on factors such as market conditions, competition, and cultural differences, which may require the company to adapt its marketing and branding strategies accordingly.

#### **Host country:**

Ted Baker has expanded its operations in Turkey, but it is unclear whether it has established a foreign subsidiary there (Gilliland, 2017). However, some information on

Turkey's relevant characteristics that may impact Ted Baker's internationalization strategy:

- ✓ **Market Size:** Turkey has a population of over 82 million people (about twice the population of California), making it one of the largest markets in the Middle East and Europe (Cushman & Wakefield, 2014).
- ✓ **Economic Conditions:** Turkey has a mixed economy that is transitioning from a state-controlled system to a more market-oriented one. It is the world's 17th largest economy by nominal GDP and is classified as an emerging market economy (Cushman & Wakefield, 2014).
- ✓ **Political and Legal Environment:** Turkey is a democratic republic with a president as the head of state and a prime minister as the head of government. The legal system is based on civil law, and the country has been working to align its laws with those of the European Union (Cushman & Wakefield, 2014).
- ✓ **Cultural Nuances:** Turkey is a Muslim country with a rich cultural heritage that blends Eastern and Western influences. The Turkish language is the official language, and English is widely spoken in urban areas.
- ✓ **Other Factors:** Turkey has a young and growing population, with a median age of 32 years old. The country is strategically located between Europe and Asia, making it a key transit point for trade between the two continents.



Source: (Aripaka, 2022)

Overall, Turkey's large population, growing economy, and strategic location make it an attractive market for international retailers like Ted Baker. However, the country's political and legal environment may pose challenges, and cultural nuances should also be considered when developing an internationalization strategy.

**Strategic Business Unit (SBU):** Ted Baker is a British luxury fashion retailer that operates in the fashion industry sector. The organization offers products through three main channels: corporate-owned and licensed retail stores, independent and large department stores. Ted Baker's significance within the fashion industry is that it is a well-known brand that offers high-quality and fashionable clothing, accessories, and footwear. The company has a unique brand identity that is characterized by its quirky and humorous approach to fashion, which has helped it to stand out in a crowded market.

Ted Baker's internationalization strategy involves expanding its presence in key markets such as the US, Europe, and Asia. The company has been successful in expanding its operations globally by opening new stores and increasing its online presence. Ted

Baker's internationalization strategy is relevant to its fashion industry sector because it allows the company to tap into new markets and reach a wider audience. The company's focus on international expansion is also significant because it helps to reduce its reliance on the UK market, which has been affected by economic uncertainty in recent years.

In terms of specific strategic business units, Ted Baker has a financial services SBU that operates in a market that shows potential. However, this SBU is not a significant part of Ted Baker's overall operations, and the company's focus is primarily on its fashion business.

### **1.2 The Concept of Internationalization:**

Internationalization refers to the process of expanding a company's operations into foreign markets (Bıçakcıoğlu-Peynirci, 2023). For multinational enterprises (MNEs), internationalization is a crucial strategy for growth and success. Here are some of the reasons why internationalization is significant for MNEs:

- **Market Diversification:** MNEs lessen the dependence on one market by entering overseas markets. This diversification lessens the risks brought on by alterations in the economy, the political climate, or buyer tastes in a particular nation. MNEs can balance their revenue sources and reduce potential damages by diversifying their markets (Hitt, Ireland, and Hoskisson, 2019).
- **Access to New Customers:** MNEs can reach a bigger consumer base by becoming global. Untapped potential and client segments with different demands and preferences may exist in various marketplaces. MNEs may expand their consumer base and build brand loyalty around the world by developing products

and services that are specifically tailored to these needs (Rugman and Verbeke, 2004).

- **Economies of Scale and Scope:** MNEs can obtain economics of scale and scope as they broaden their activities globally. Their ability to compete is improved by lower per-unit costs that result from increased production volume. Additionally, entering international markets may give companies access to special resources, technology, and capabilities not found in their own country (Dunning and Lundan, 2008).
- **Enhanced Innovation:** MNEs are exposed to various cultural, technological, and legal settings as they operate in several markets. By fostering adaptation and creating new goods or services that address each market's requirements, this exposure can promote innovation. Such inventions may also be brought back home, which would be advantageous to the organization (Bartlett and Ghoshal, 2002).
- **Risk Management:** MNEs face risks related to changes in exchange rates, geopolitical events, or trade policies. By operating in multiple markets, MNEs can spread these risks across different regions, reducing their exposure to any single country's economic or political turmoil (Hitt, Ireland, and Hoskisson, 2019).
- **Competitive Advantage:** Internationalization can provide MNEs with a competitive advantage over local competitors in foreign markets. MNEs often bring advanced technologies, superior management practices, and financial resources that local firms may not possess. This advantage can enable MNEs to dominate market segments and foster growth in these regions (Rugman and Verbeke, 2004).
- **Resource Acquisition:** Entering foreign markets can give MNEs access to untapped resources, including raw materials, skilled labor, and knowledge. By

sourcing inputs globally, MNEs can optimize their supply chain and production processes, leading to cost savings and improved efficiency (Dunning and Lundan, 2008).

## **Main Body (Part Two)**

### **2.1 Theoretical Framework**

The analysis of internationalization strategies in the context of global business operations is underpinned by several theoretical frameworks and concepts, including ethnocentric, polycentric, and geocentric approaches. These concepts provide different perspectives on how companies should approach their international expansion and management strategies. Brief insight each of these approaches and their key characteristics, advantages, and limitations of each approach are:

**Ethnocentric Approach:** The ethnocentric approach is characterized by a centralized and home country-oriented mindset. In this approach, a company views its home country's practices, products, and management style as superior and attempts to replicate them in foreign markets. Key characteristics of the ethnocentric approach include the heavy reliance on expatriates from the home country to manage foreign subsidiaries, centralized decision-making, and limited adaptation to local market conditions. This approach may be effective in the initial stages of internationalization, but it can lead to cultural clashes and lack of responsiveness to local market demands (Hill, 2008).



Source: (Harty, 2020)

### **Key Characteristics of Ethnocentric Approach:**

- One strategy for worldwide hiring is the ethnocentric approach, in which all roles for global business are filled by the parent nation. This strategy focuses on selecting the best individuals for the best jobs in the company while considering their skill sets and willingness to fit in with the corporate culture (Commerce Mates, 2023).
- All the organization's important jobs are filled either by relocating current employees from the company's headquarters or by employing citizens of the parent nation who are ready and happy to work in the host country (Commerce Mates, 2023).

### **Functions of Ethnocentric Approach:**

- Helps in attaining better coordination between the parent country and host country (Business Jargons, 2023).
- Enables achieving effective control by the company's head branch over all its subsidiaries operating in distinct countries worldwide (Commerce Mates, 2023).

#### **Advantages of Ethnocentric Approach:**

- Better coordination between the host and parent company. The culture of the parent company can be easily transferred to the host company. No need to have a well-developed international local labor market (Business Jargons, 2023).
- Employees of the parent country would perform better and will effectively represent the interest of the head branch (Commerce Mates, 2023).

#### **Disadvantages of Ethnocentric Approach:**

- It becomes difficult to train or guide employees at far distant places away from the parent country (Commerce Mates, 2023).
- Due to the cultural differences, the parent country's workers may have trouble adjusting to the host country (Business Jargons, 2023).
- The approach may lead to resentment and conflicts among employees from different countries.
- The approach may result in a lack of diversity in the organization, which can limit creativity and innovation.

#### **Examples of Ethnocentric Approach:**

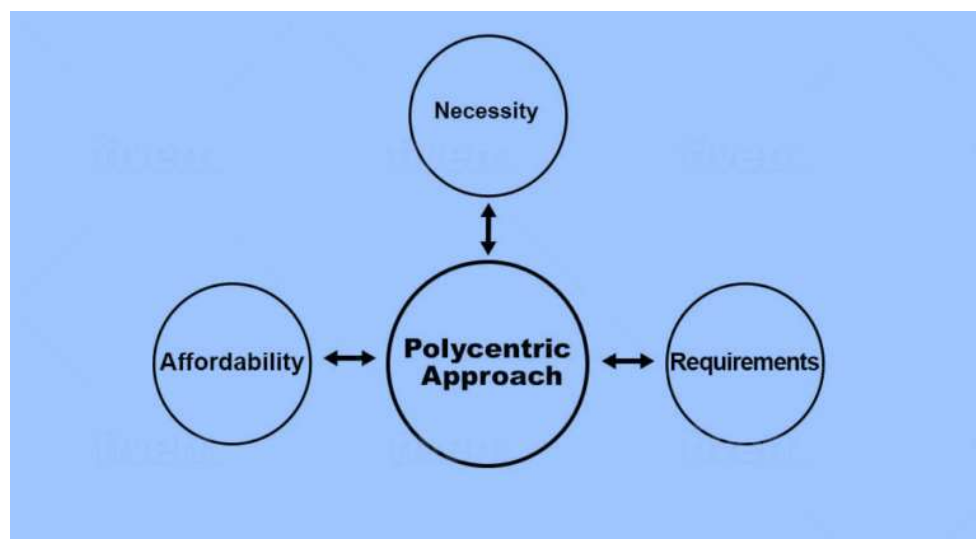
- A multinational corporation based in the United States hires only American employees for its key positions in its subsidiaries in other countries (Business Jargons, 2023).
- A Japanese company hires only Japanese employees for its key positions in its subsidiaries in other countries (Business Jargons, 2023).

### **Limitations of Ethnocentric Approach:**

1. **Cultural Differences:** Employees from the parent country may find it difficult to adjust to the host country's culture, leading to potential conflicts and challenges in managing diverse teams (Business Jargons, 2023).
2. **Lack of Local Knowledge:** By relying solely on employees from the parent country, the company may miss the valuable insights and expertise of local employees who have a better understanding of the local market, customs, and business practices (MacDonald, 2023).
3. **Limited Advancement Opportunities:** The ethnocentric approach can limit advancement opportunities for host country nationals, as most senior positions are reserved for employees from the parent country. This can lead to a lack of motivation and hinder the development of local talent.
4. **Resentment in Host Country:** Filling key positions with employees from the parent country can create resentment among local employees and the host country's population, as it may be seen as favoritism or a lack of trust in local capabilities.

5. **Difficulty in Training and Guidance:** It can be challenging to train and guide employees who are located far away from the parent country, especially when there are language and cultural barriers.

**Polycentric Approach:** The polycentric approach takes a more decentralized and local country-oriented perspective. In this approach, subsidiaries are given greater autonomy to tailor their strategies and operations to local market conditions. The company hires local managers who possess knowledge of the local culture, business practices, and customer preferences. The polycentric approach acknowledges the diversity of markets and aims to adapt products and services to meet local needs. While this approach fosters better local responsiveness, it may result in a lack of coordination among subsidiaries and inefficiencies in resource allocation (Russow, 1997).



Source: (Usmani, 2022)

**The key characteristics of the polycentric approach are:**

- Due to their familiarity with local cultures, conventions, and legislation, local managers are chosen over expats to manage the company more effectively (Usmani, 2022).
- This strategy is justified by the fact that locals in the host nation are more familiar with local customs and can manage the firm more successfully than their international counterparts (Business Jargons, 2023).
- The process is affordable since hiring local managers is cheaper than assigning a foreigner (Usmani, 2022).
- The morale of the local staff increases, and the career opportunities for the nationals of the host country increase (Business Jargons, 2023).

**The advantages of the polycentric approach are:**

- Alleviates cultural myopia.
- Inexpensive to implement.
- The difficulty in the adjustment of expatriates from the parent country gets eliminated (Business Jargons, 2023).
- The hiring of locals or the nationals of the host country is comparatively less expensive (Business Jargons, 2023).
- Better productivity due to better knowledge about the host market (Business Jargons, 2023).
- Better government support (Business Jargons, 2023).
- Chances of success are high (Business Jargons, 2023).

**The limitations of the polycentric approach are:**

- Lack of international knowledge (Usmani, 2022).
- Lack of company culture (Usmani, 2022).
- Inefficient communication with the parent company (Usmani, 2022).
- Polycentric approach experiences many difficulties in exercising effective control over the operations carried out in the subsidiaries.

**Examples of Polycentric Approach**

- McDonald's is an example of a company that uses the polycentric approach. The company hires local managers to run its franchises in different countries.
- Coca-Cola is another example of a company that uses the polycentric approach. The company hires local managers to run its operations in different countries.

**Geocentric Approach:** The geocentric approach seeks a balance between the ethnocentric and polycentric approaches. It takes a global perspective and emphasizes the integration of the best practices and resources from both the home country and host countries. Companies adopting the geocentric approach focus on recruiting and promoting the most qualified individuals regardless of nationality, and they aim to achieve global synergies by sharing knowledge and resources across borders. This approach requires strong coordination among subsidiaries and the ability to leverage global economies of scale. While the geocentric approach is desirable for achieving global competitiveness, it can be challenging to implement due to cultural differences and national regulations (Luthans and Doh, 2018).



Source: (Dobrijevic, 2022)

### **Key Characteristics:**

- **Global Recruitment:** The geocentric approach allows organizations to recruit employees globally, focusing on talent and skills rather than nationality (Usmani, 2022).
- **Integrated Global Strategy:** This approach is followed by firms that have a truly global presence and adopt an integrated global business strategy.
- **Pool of Senior Executives:** Using the geocentric strategy, MNCs may create a group of senior executives with worldwide expertise and cross-border connections.

### **Advantages:**

- **Access to Best Talent:** The geocentric approach enables organizations to hire the best talent from anywhere in the world, increasing the chances of finding highly skilled individuals (Usmani, 2022).

- **Cultural Diversity:** By hiring employees from different countries, the geocentric approach helps diversify the cultural environment within an organization (Usmani, 2022).
- **Reduction in Resentment:** This approach reduces the sense of unfair treatment among employees, as it focuses on skills and expertise rather than nationality.
- **Shared Learning:** Employees from diverse backgrounds can learn from each other's experiences, leading to shared learning and knowledge exchange.

#### **Limitations:**

- **High Costs:** The geocentric approach can be costly due to expenses related to training, compensation, and relocation of employees.
- **Centralized Control:** Highly centralized control of staffing can be a limitation of the geocentric approach, as decision-making may be concentrated at the headquarters.
- **Limited Infrastructure:** Small businesses may face limitations in building the extensive global infrastructure required to fully leverage a geocentric model (Baum, 2023).

#### **Examples:**

- A multinational company using the geocentric approach may hire a software engineer from India, a marketing manager from Brazil, and a finance executive from Germany, based on their skills and qualifications rather than their nationality (Usmani, 2022).
- If an organization has an employee with specific skills in one location, such as Korea, and those skills are required in another location, such as the USA, the

geocentric approach allows for quick relocation of the employee to meet the organizational needs (Usmani, 2022).

The choice of internationalization strategy depends on several factors such as the company's industry, competitive environment, available resources, and the level of cultural diversity across international markets.

## **2.2 Case study analysis:**

Ted Baker has adopted a geocentric orientation strategy for its foreign subsidiaries, which means that it balances the need for global integration and local responsiveness (Jacobs, 2019). This strategy allows the company to adapt to local market conditions while maintaining a consistent brand image and quality across all markets.

For example, Ted Baker has 36 standalone shops, 237 concessions, and 14 outlets in countries across the world, capitalizing on its British heritage to appeal to international consumers (Gilliland, 2017). However, it also focuses on a dedication to quality (in terms of both its product and customer service) and real attention to detail.

Ted Baker's focus on planning is another example of its geocentric orientation strategy. The company has selected Cegid to support its international expansion, which helps retailers and brands expanding globally to face a multitude of challenges, including POS and retail management, customer service in local languages, and compliance with local tax and regulatory requirements (Pappas, 2012).

Ted Baker's geocentric orientation strategy allows it to balance global integration and local responsiveness, which is essential for success in foreign markets.

## **Main Body (Part Three)**

### **3.1 Contextual factors – PESTLE Analysis**

PESTLE analysis is a strategic planning tool used by organizations to keep track of external factors that impact their business. PESTLE is a mnemonic that stands for Political, Economic, Social, Technological, Legal, and Environmental. The advantages and disadvantages of PESTLE analysis are as follows:

#### **Advantages:**

- Cost-effective: PESTLE analysis is a cost-effective tool that can be completed through simple documents or pen and paper.
- Provides a deeper understanding of the business: PESTLE analysis helps organizations to understand how external factors can affect their business and what actions they need to take to mitigate any risks.
- Alertness to threats: By analyzing external factors, businesses can identify potential threats and take proactive measures to address them.
- Method to exploit opportunities: PESTLE analysis also helps organizations to identify potential opportunities and develop effective strategies that align with their goals and objectives.
- PESTLE analysis offers an integrated approach for identifying opportunities and hazards related to socioeconomic transition and aims to have an impact on decision-making at various levels.

#### **Disadvantages:**

- Time-consuming: Conducting a PESTLE study can take a lot of time, especially if organisations are doing a detailed investigation.

- Lack of data or biased analysis: PESTLE analysis depends on precise and current data to produce insightful results. Although there is a chance of biases in the analysis, data collecting and analysis may become difficult.
- Oversimplification of data: Some PESTLE analysis users oversimplify the amount of data used for decisions, which can lead to inaccurate conclusions (Pathak, 2020).
- Limited scope: PESTLE analysis only focuses on external factors and does not consider internal factors that may impact the organization.

PESTLE analysis is important because it helps organizations to identify external factors that could impact their decisions and plan better. By understanding the impact these external factors can have on an organization, businesses can form strategies to minimize threats and maximize opportunities for themselves. However, PESTLE analysis should be used in conjunction with other analytical tools and methods, and leaders should also consider the internal factors that may impact their organization.

### **3.2 PESTLE and Ted Baker**

The PESTEL analysis examines the external factors that can impact a company's operations and strategy. For Ted Baker Plc, the geocentric orientation strategy, which views the entire world as a potential market, may be influenced by the following factors:

#### **Political Factors:**

- Political factors can affect the geocentric orientation strategy by influencing market access, trade policies, and regulations.

- Ted Baker may have to adapt to political changes in different countries, such as changes in import/export regulations or political instability.
- For example, changes in trade agreements or tariffs can impact on the company's ability to expand into new markets.
- Ted Baker may respond by diversifying its supply chain or adjusting its market entry strategies to navigate political challenges.

#### **Economic Factors:**

- Economic factors, such as GDP growth, inflation rates, and exchange rates, can impact the geocentric orientation strategy.
- Ted Baker's expansion into new markets may be influenced by the economic conditions of those markets. Economic downturns or currency fluctuations can affect consumer purchasing power and demand for luxury goods.
- Ted Baker may respond by conducting market research to assess the economic viability of new markets and adjusting pricing strategies to remain competitive.

#### **Social Factors:**

- Social factors, including cultural norms, consumer preferences, and demographics, can shape the geocentric orientation strategy.
- Ted Baker needs to understand the social dynamics of different markets to tailor its products and marketing strategies accordingly.
- For example, cultural differences in fashion preferences may require Ted Baker to adapt its product offerings or marketing campaigns.
- The company may respond by conducting consumer research and collaborating with local influencers or designers to resonate with target markets.

**Technological Factors:**

- Technological advancements can impact the geocentric orientation strategy by enabling market expansion and changing consumer behavior.
- Ted Baker may need to adapt to technological trends, such as e-commerce platforms or digital marketing strategies, to reach global customers effectively.
- The company may respond by investing in technology infrastructure, enhancing its online presence, and leveraging data analytics to understand consumer behavior and preferences.

**Environmental Factors:**

- Environmental factors, such as sustainability concerns and climate change, can influence the geocentric orientation strategy.
- Ted Baker may need to consider environmental regulations and consumer demand for sustainable products in different markets.
- The company may respond by implementing sustainable practices in its supply chain, developing eco-friendly products, and communicating its commitment to environmental responsibility.

**Legal Factors:**

- Legal factors, including regulations, intellectual property rights, and labor laws, can impact the geocentric orientation strategy.
- Ted Baker needs to comply with local laws and regulations in each market it operates in. Legal challenges, such as trademark infringement or labor disputes, can affect the company's operations.
- Ted Baker may respond by working closely with legal advisors, ensuring compliance with local laws, and protecting its intellectual property rights.

## **Main Body (Part Four)**

### **4.1 Comparison and alternative strategies**

Ted Baker's geocentric strategy involves taking a digital-first approach to becoming a global omnichannel business, allowing customers to "buy anywhere and anytime".

Alternative approaches that could have been adopted include:

**Ethnocentric:** This approach involves focusing on the company's home country and exporting products to other countries. This strategy may be less effective in today's global marketplace, where customers expect a seamless experience across all channels (Saeed, 2017).

**Polycentric:** This approach involves tailoring products and marketing to each individual country or region. While this approach may be effective in some cases, it can be costly and time-consuming to develop unique products and marketing campaigns for each market (Saeed, 2017).

**Regiocentric:** This approach involves grouping countries into regions and developing products and marketing campaigns for each region. This approach may be more efficient than the polycentric approach, but it still requires significant resources to develop unique products and marketing campaigns for each region (Saeed, 2017).



Source: (Gobir, 2021)

Ted Baker's geocentric strategy can be compared to alternative approaches like the Regio centric strategy. Here is a comparison of the two approaches and their potential advantages and disadvantages:

| <b>Geocentric Strategy:</b>                                                                                                                  | <b>Regiocentric Strategy:</b>                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| In a geocentric strategy, a company contends that, in spite of cultural variations, one style of strategy can be applied across all nations. | In a Regiocentric strategy, business groups countries into regions based on shared characteristics and adopts different strategies for each region. |
| The Geocentric approach focuses on a global perspective and treats the entire world as a single market.                                      | The Regiocentric approach recognizes the importance of regional differences and tailors marketing and business strategies accordingly.              |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Potential advantages</b></p> <p><b>Consistency:</b> It allows for a consistent approach across different markets, which can lead to streamlined operations and branding.</p> <p><b>Global Integration:</b> It promotes a unified global image and facilitates coordination and collaboration across different regions.</p> <p><b>Flexibility:</b> It allows for adaptation to local market conditions while maintaining a global perspective.</p> | <p><b>Potential advantages</b></p> <p><b>Local Relevance:</b> It allows for a more targeted approach that considers regional preferences, cultural norms, and market conditions.</p> <p><b>Cost Efficiency:</b> It can lead to cost savings by leveraging economies of scale within a specific region.</p> <p><b>Market Knowledge:</b> It encourages a deeper understanding of regional markets and fosters stronger relationships with local stakeholders.</p> |
| <p><b>Potential disadvantages</b></p> <p><b>Cultural Differences:</b> It may overlook cultural nuances and preferences that can impact consumer behavior and market acceptance.</p> <p><b>Implementation Challenges:</b> It can be challenging to implement a standardized</p>                                                                                                                                                                          | <p><b>Potential disadvantages</b></p> <p><b>Lack of Global Consistency:</b> It may result in inconsistencies in branding and operations across different regions, which can dilute the global image.</p> <p><b>Limited Market Reach:</b> It may restrict the business's expansion into new markets</p>                                                                                                                                                          |

|                                                                                                     |                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>approach across diverse markets with varying regulations, customs, and consumer preferences.</p> | <p>outside the chosen regions.</p> <p><b>Coordination Challenges:</b> It requires effective coordination and communication between regional teams to ensure alignment with overall business objectives.</p> |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### **Conclusion:**

Ted Baker's internationalization strategy has been the subject of critical examination in this coursework, aiming to understand the specific approach the company has adopted and the rationale behind it. The analysis revealed that Ted Baker's internationalization strategy falls under the category of geocentric orientation.

By studying Ted Baker's case study, the impact of this geocentric approach on the success and performance of its foreign subsidiaries was evaluated. It was found that the geocentric strategy, which emphasizes a global mindset and a balanced focus on local responsiveness and global integration, has positively contributed to the company's success in the international market. This approach allows Ted Baker to adapt its products and marketing strategies to the specific needs and preferences of each target market while maintaining a cohesive global brand image.

Throughout its international expansion, Ted Baker had to navigate various contextual factors, including political, economic, social, technological, legal, and environmental aspects. The PESTLE analysis revealed how these factors influenced the company's

decision-making process when entering new markets. By considering these factors, Ted Baker could mitigate risks, capitalize on opportunities, and tailor its strategies to suit the unique conditions of each country or region it entered.

In conclusion, Ted Baker's geocentric internationalization strategy, which combines global integration and local responsiveness, has played a significant role in its success in the global market. By embracing a global mindset while being sensitive to local contextual factors, the company managed to strike a balance that allowed it to effectively expand and thrive in various international markets. The case of Ted Baker serves as a valuable example of how a thoughtful and adaptive internationalization strategy can lead to favorable outcomes for companies operating in the global arena.

-----**THANK YOU**-----

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