

Prof. Dr. Hendrik Godbersen

Crash Course

International Marketing

Further Reading

Part I: Marketing Basics

(1) Foundations of Marketing

The fundamental principles of marketing as well as its role within the frameworks of business administration and economics are explained in the first video lecture.



Part II: Strategic Marketing

(2) Segmenting & Targeting

The customer eventually decides if a company is successful or not through buying or not buying its products. Thus, analysing, understanding and selecting market segments for market cultivation forms the foundation of any successful marketing and business approach. After watching this video lecture, you will understand the process of segmenting and targeting markets. This includes psychographic segmenting, demographic and geographic segmenting, determining competitors, and behavioural segmenting and targeting.

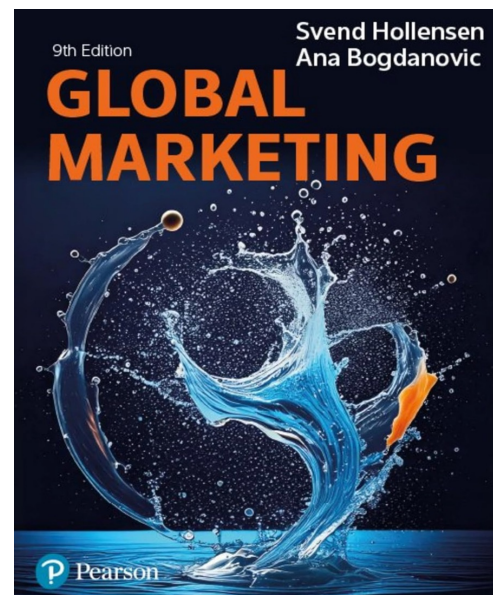


(3) Analysing & planning Business Units

This section is dedicated to the traditional business unit analysis and the respective deduction of business strategies. You will learn how to manage business unit portfolios. Furthermore, you will be introduced to key methods of analysing and planning a business unit:

- SWOT analysis
- Mission statement and business objectives
- Porter's five forces
- Porter's generic strategies
- Intensive growth strategies
- Integrative growth strategies and diversification

Godbersen, H. (2025). Crash Course Marketing – Market-oriented Business Management. <https://godbersen.online/index.php/forschungsgrundlagen/crash-course-marketing>.



Hollensen, S. & Bogdanovic, A. (2024). Global Marketing (9th ed.). Pearson.

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Segmenting & Selecting International Markets

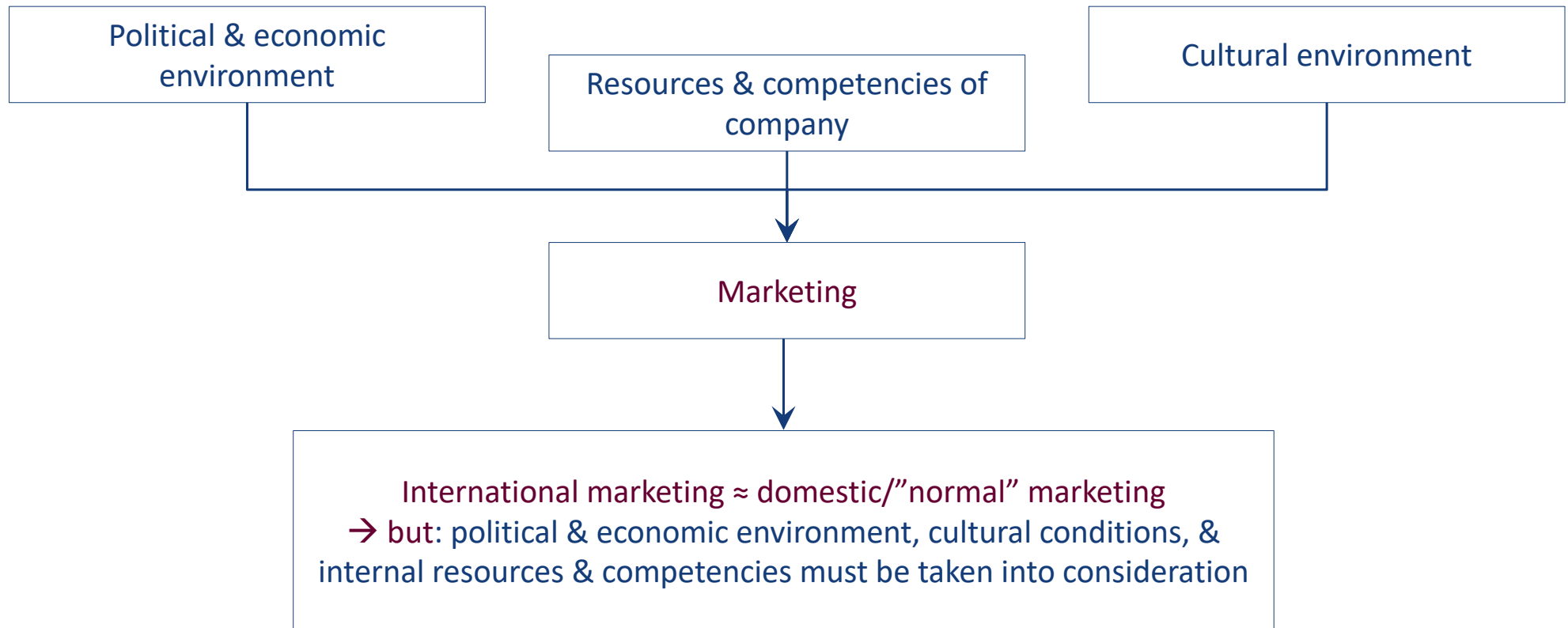
Creating Value in International Markets

Delivering Value in International Markets

Communicating Value in International Markets

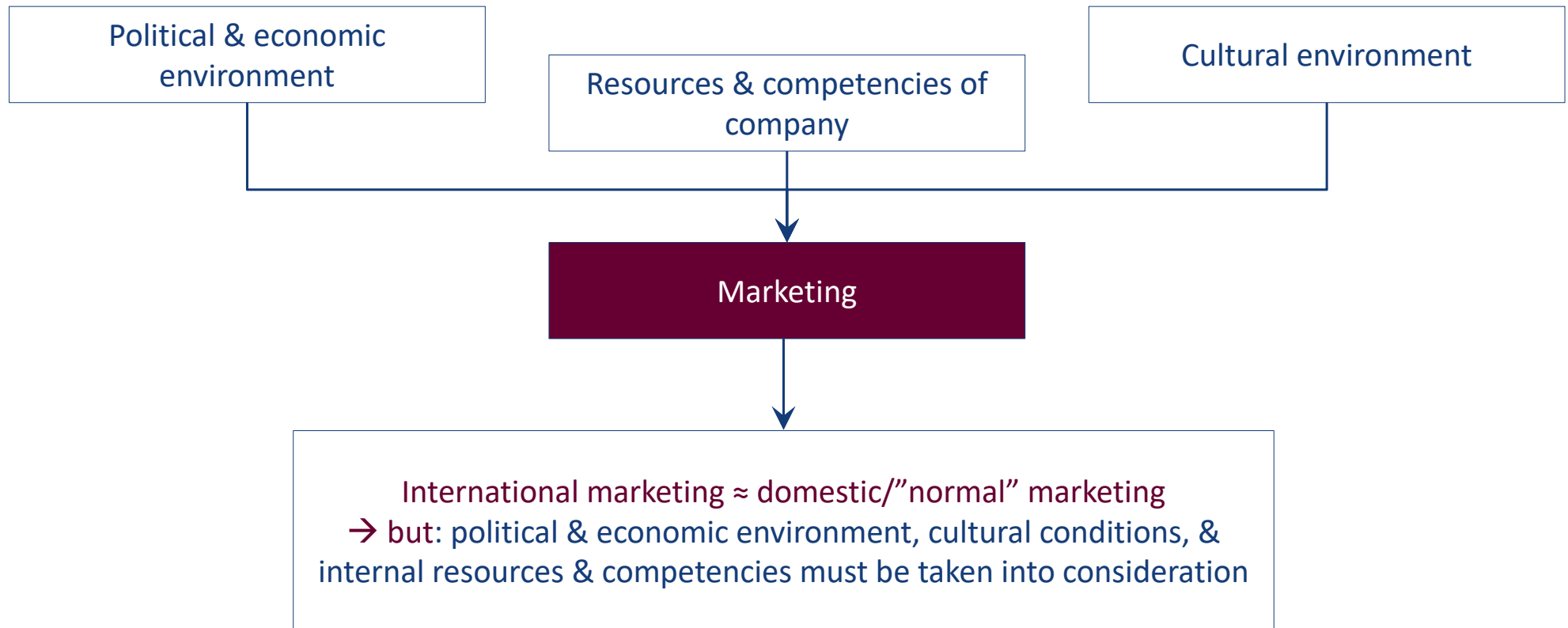
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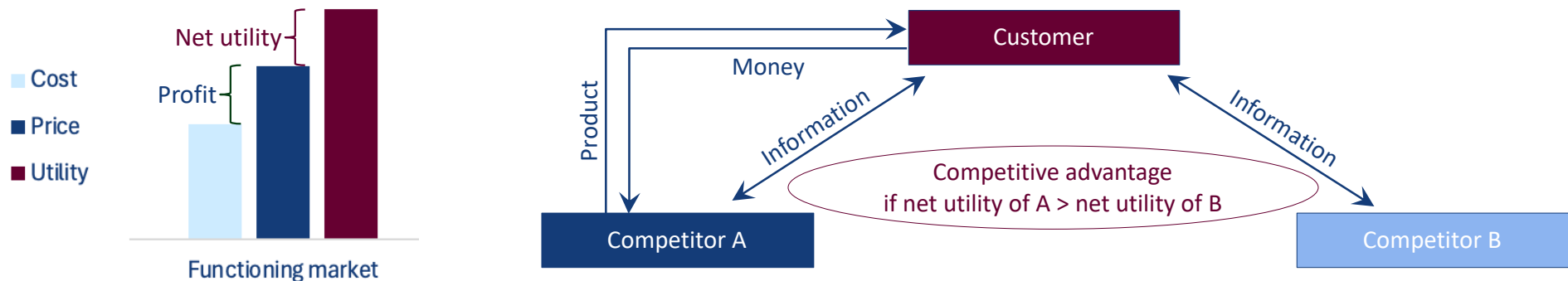
Marketing – Definition

- Graphic definition of marketing



- Modern definition of Marketing (American Marketing Association, 2025)
 - “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”
- Understanding of marketing
 - Marketing = demand-based business management
 - Marketing = market-oriented business management

- Profit, net utility & competitive advantages***

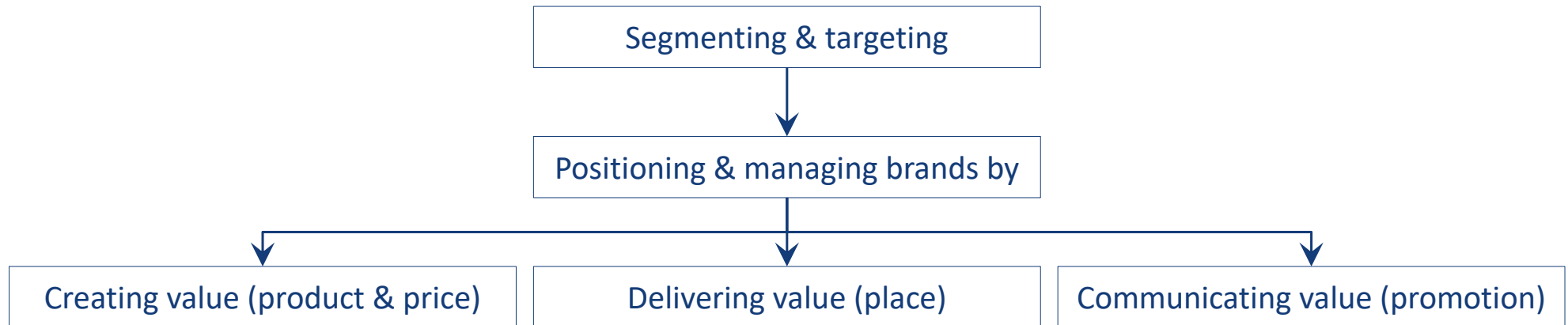


- Porter's generic strategies***

		Competitive Advantage	
		Low cost	Product uniqueness (quality differentiation)
Market Scope	Broad (segment to full market coverage)	Cost leadership strategy 	Differentiation strategy (quality leader)
	Narrow (niche to segment)	Low-cost focus strategy "Hobby pilot hitchhiking"	Differentiation focus strategy Private jet charter

***Please note: The Blue Ocean Strategy provides an alternative approach that aims to overcome the value-cost trade-off

- Marketing process

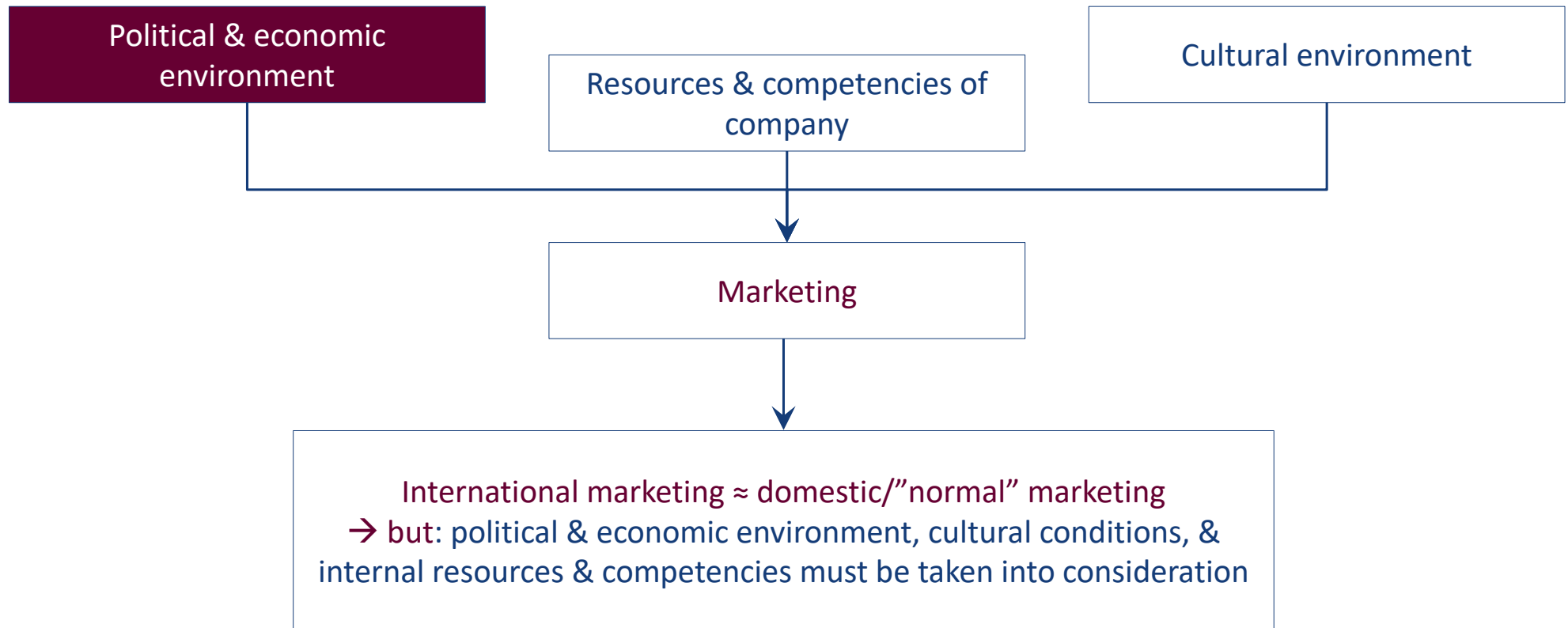


- Value chain (simplified)



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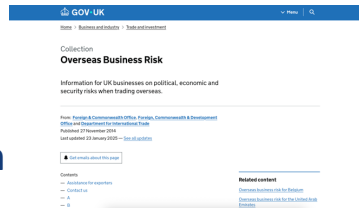


Political & Economic Environment

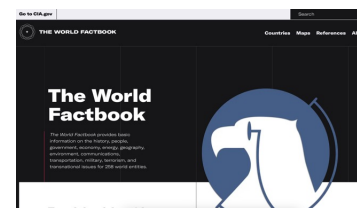
- Home (& third) country environment
 - Informational & promotional support, e.g., governmental risk assessments or chambers of commerce
 - Trade restrictions, e.g., embargoes or sanctions
- Target country environment
 - Political system
 - Judiciary & safety situation
 - Economic system
 - Trade barriers
 - Economic development of country
- Evaluation & realisation of business opportunities
 - Amount of revenues & profits
 - Sustainability of revenues & profits
- Assessment & mitigation of risks
 - Ownership risks
 - Operating risks

Political & Economic Environment

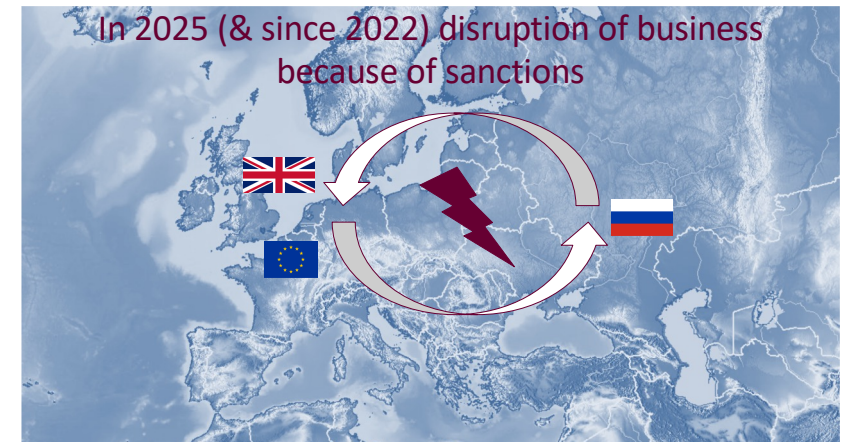
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<https://www.gov.uk/government/collections/overseas-business-risk>

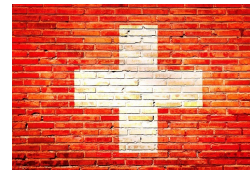


<https://www.cia.gov/the-world-factbook/>



Political & Economic Environment

- Home (& third) country environment
 - Informational & promotional support, e.g., governmental risk assessments or chambers of commerce
 - Trade restrictions, e.g., embargoes or sanctions
- Target country environment
 - Political system →
 - Democratic vs. autocratic system
 - Stable vs. instable political system
 - Judiciary & safety situation
 - Economic system
 - Trade barriers
 - Economic development of country
- Evaluation & realisation of business opportunities
 - Amount of revenues & profits
 - Sustainability of revenues & profits
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Switzerland

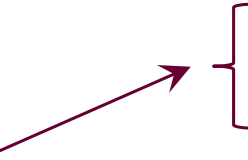


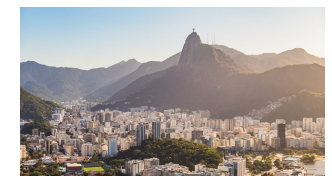
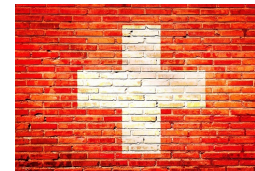
North Korea



Sudan

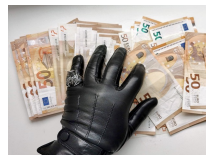
Political & Economic Environment

- Home (& third) country environment
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 - Trade restrictions, e.g., embargoes or sanctions
- Target country environment
 - Political system
 - Judiciary & safety situation 
 - Independent & strong vs. dependent & weak judiciary
 - Safe vs. unsafe environment
 - Economic system
 - Trade barriers
 - Economic development of country
- Evaluation & realisation of business opportunities
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 - Sustainability of revenues & profits
- Assessment & mitigation of Risks
 - Ownership risks
 - Operating risks



Political & Economic Environment

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 - Trade restrictions, e.g., embargoes or sanctions
- Target country environment
 - Political system
 - Judiciary & safety situation
 - Economic system →
 - Free-market economy vs. centrally planed economy
 - No price & market control vs. price & market control
 - No labour restrictions vs. labour restrictions
 - Low taxes vs. high taxes
 - Non-corrupt vs. corrupt systems
 - Trade barriers
 - Economic development of country
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- No tariffs vs. tariffs
 - No quotas vs. quotas
 - No local content requirements vs. local content requirements



Tariff policies of U.S. President Trump pose a risk to this business model in 2025



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- Highly developed countries vs. developing countries vs. less developed countries
- High GDP vs. low GDP
- High GDP per capita vs. low GDP per capita

Country	GDP in millions	GDP per capita
Germany	4,659,929.34	55,800.20
Switzerland	936,564.20	103,669.90
China	18,743,803.17	13,303.10
India	3,912,686.17	2,696.70
Congo, Dem. Rep.	70,749.36	647.40
Malawi	11,008.93	508.40

Year: 2024

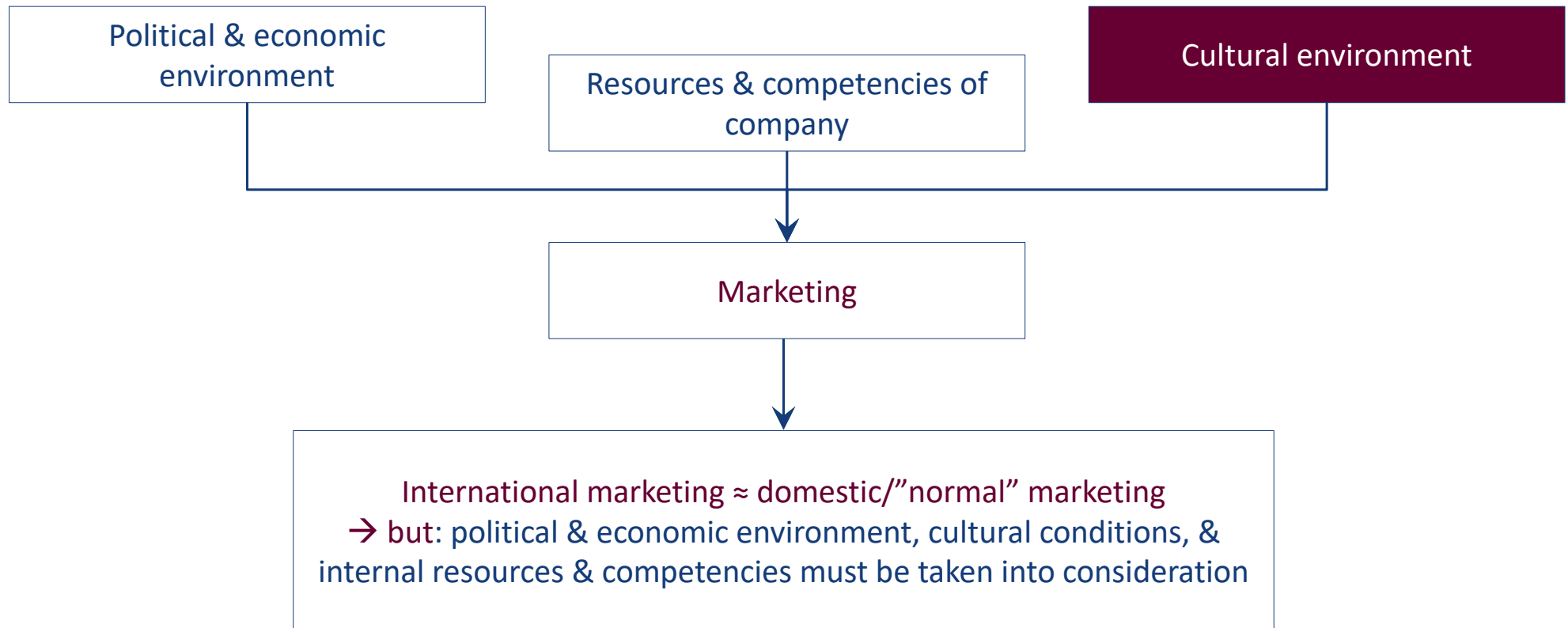
https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?name_desc=false

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 - Operating risks
- Risks & opportunities assessment**
- 1) Assessing home & target country environment / assessing possible political & societal events or changes
 - 2) Deducing impact on business
 - 3) Selecting target countries & developing market strategies & operations / developing & assessing risk mitigation measures

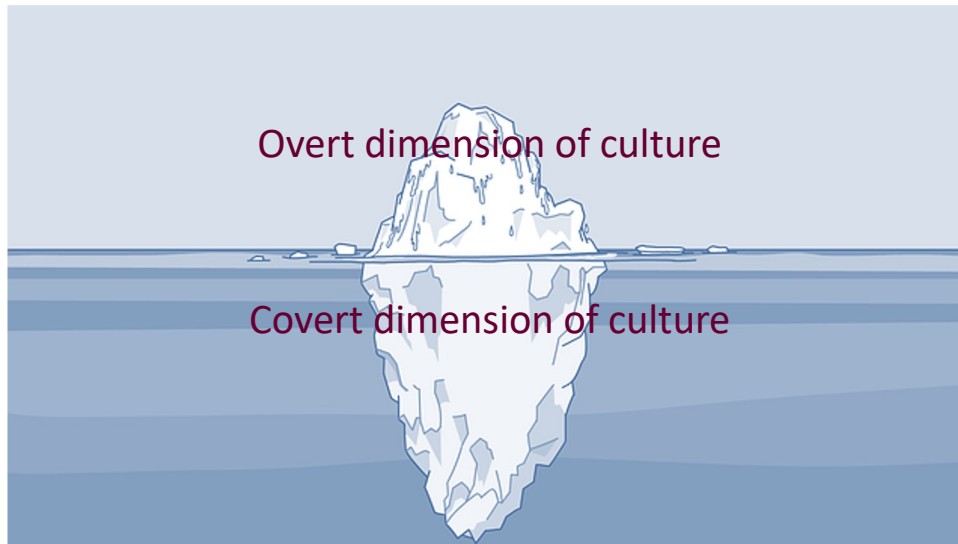


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Cultural Environment

- Definition of culture
 - A culture comprises of the norms & values which are learned from & shared with a group of people so that this group of people shows similar behaviours.
- Overt & covert dimensions of culture



Behavioural patterns,
e.g., clothing, body language, lifestyle

Social values & norms,
e.g., family values, gender roles, social norms

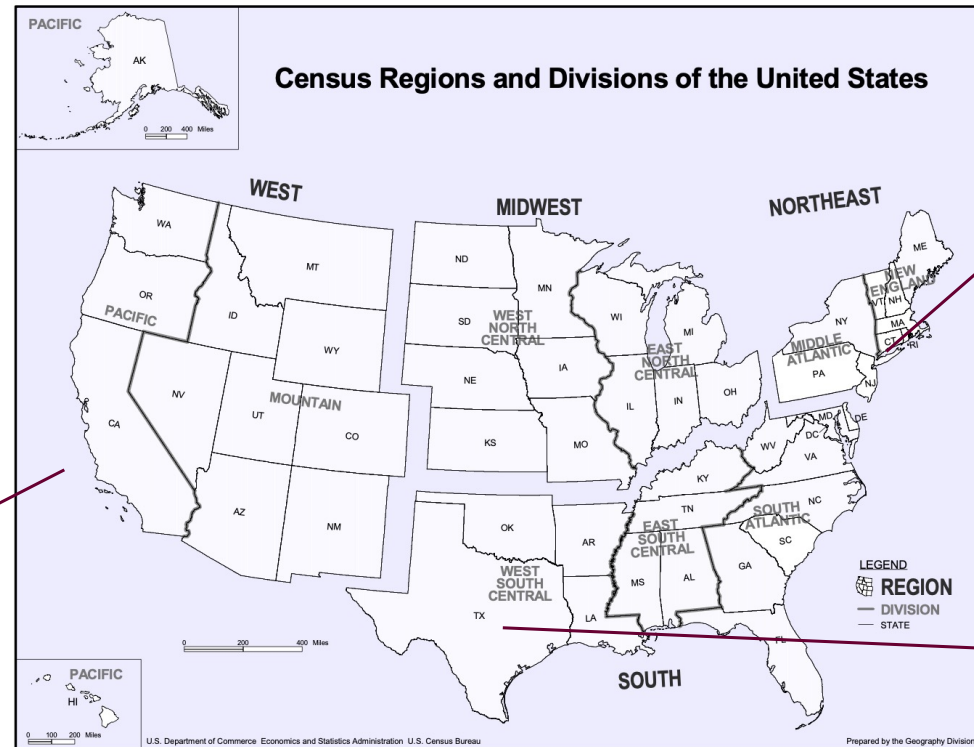
Fundamental cultural values,
e.g., religion, national identity, ethnic identity

- Layers of culture
 - National culture → subcultures (e.g., regional, ethnic, industry, company) → individual behaviour

Layers & Complexity of Culture

Influences on culture & subcultures

- Region
- Religion
- Ethnicity
- Occupation
- Social stratum
- ...

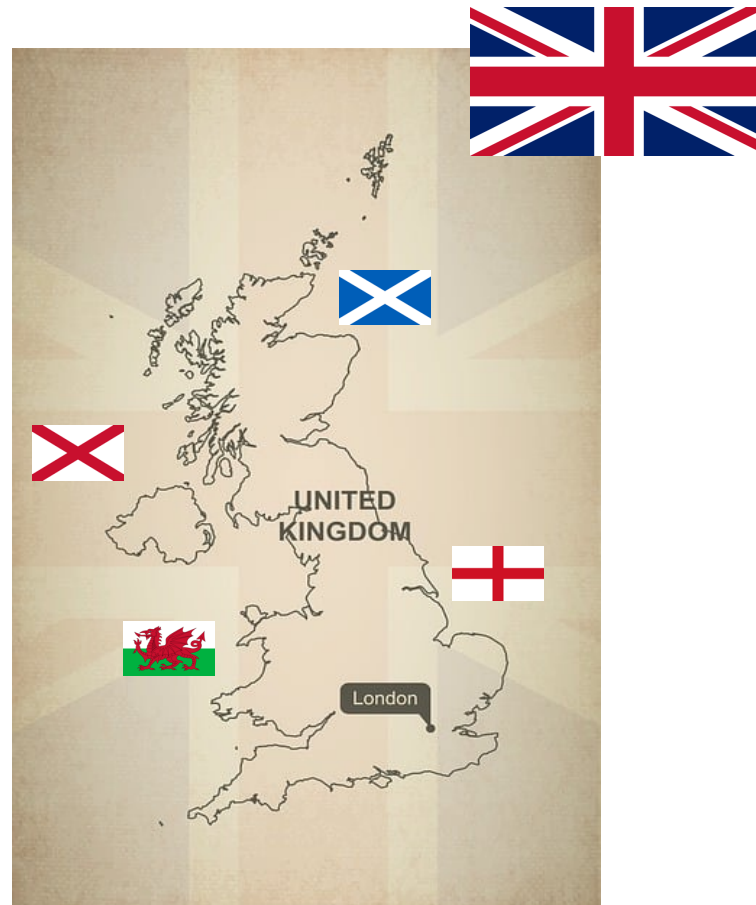


Source: https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf (accessed: 03 Apr 2025)



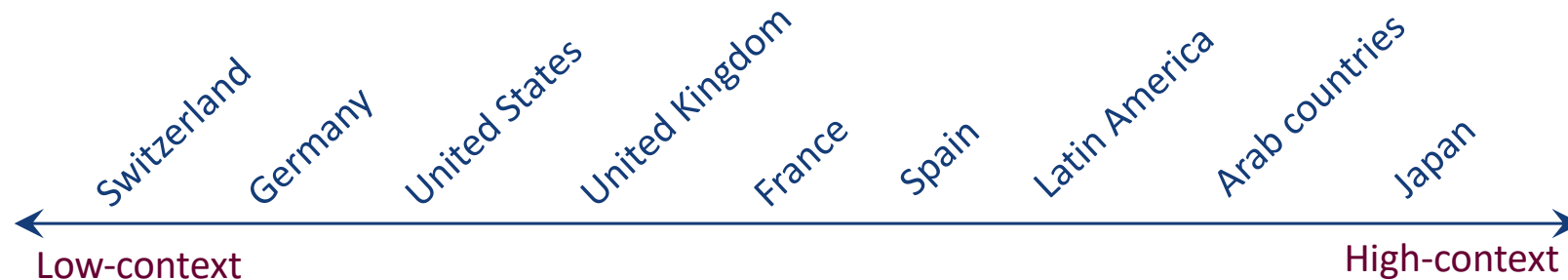
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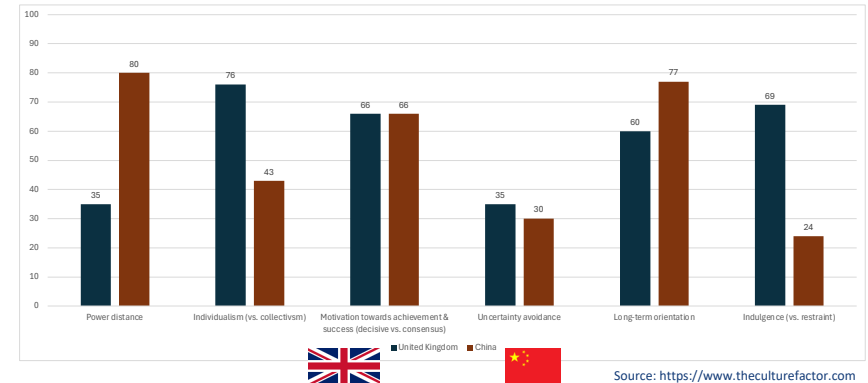
Low-context vs. high-context Cultures

Low-context culture		High-context culture	
Individualistic orientation		Collectivistic orientation	
Focus on nuclear family & close friends		Focus on wider family & social group	
Challenging hierarchy		Acceptance of hierarchy	
Orientation toward results		Orientation toward relationships	
Exact understanding of time (time = money)		Flexible understanding of time (time = relationship)	
Explicit, direct messages		Implicit, indirect messages	

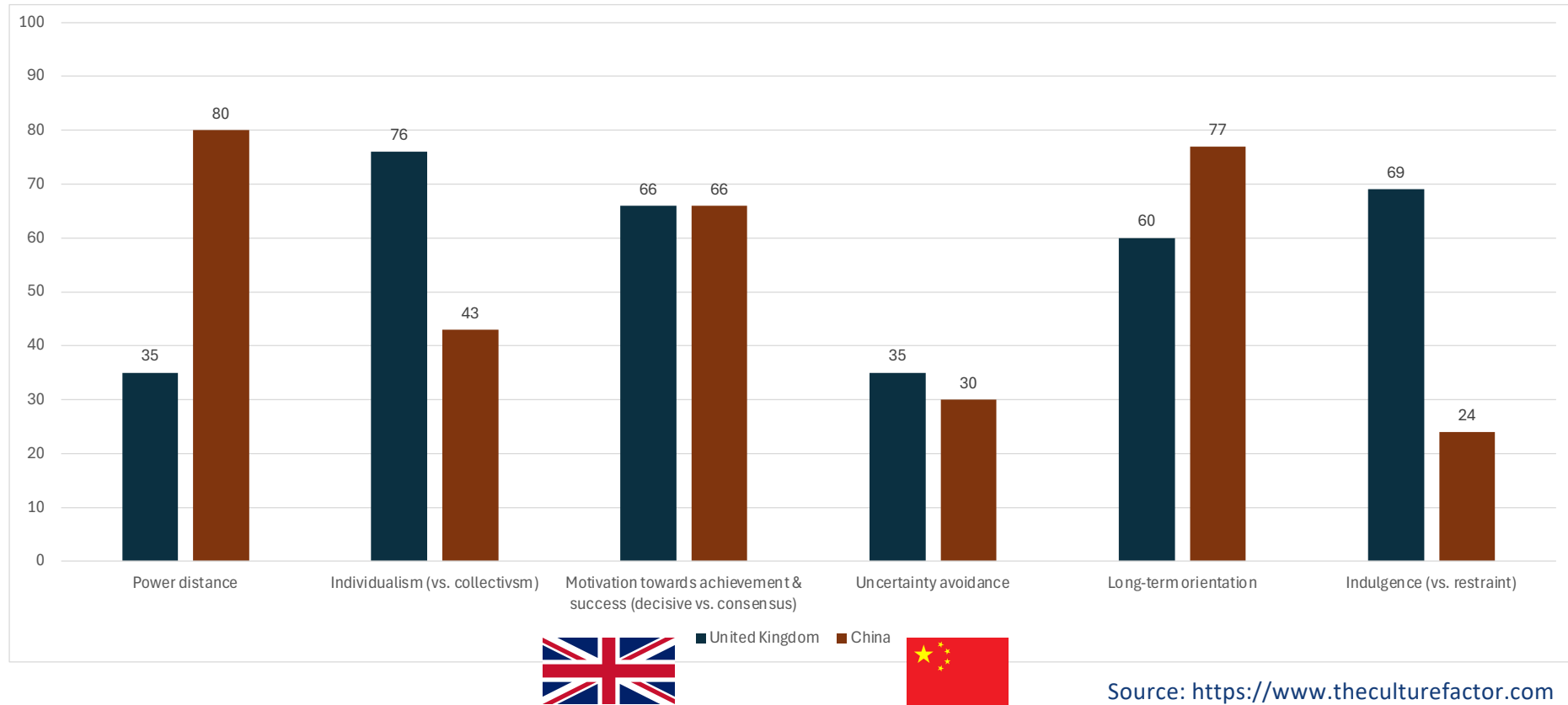


Hofstede Model

- **Power distance:** Acceptance of an unequal distribution of power
- **Individualism vs. collectivism:** Individualistic cultures have a stronger focus on the individual, the nuclear family & close friends; whilst collectivistic cultures have a stronger focus on larger “in-groups” (e.g., wider family, company) & the respective loyalties
- **Motivation towards achievement & success (decisive vs. consensus-oriented):** Decisive cultures are driven by competition & success (“wanting to be the best”); whilst consensus-oriented cultures are driven by caring for others & having a good quality of life (“getting along with others & liking what one does”)
- **Uncertainty avoidance:** Negative view on the unpredictability & ambiguity of the future & attempts to mitigate these uncertainties
- **Long-term orientation:** Against the background of the past, cultures with a long-term orientation are open to new & pragmatic approaches to tackle present & futures challenges; whilst normative cultures view change with suspicion & emphasise on traditional norms
- **Indulgence vs. restraint:** In indulgent cultures, people allow the open expression of their impulses & desires; whilst, in restraint cultures, people control the open expression of their impulses & desires

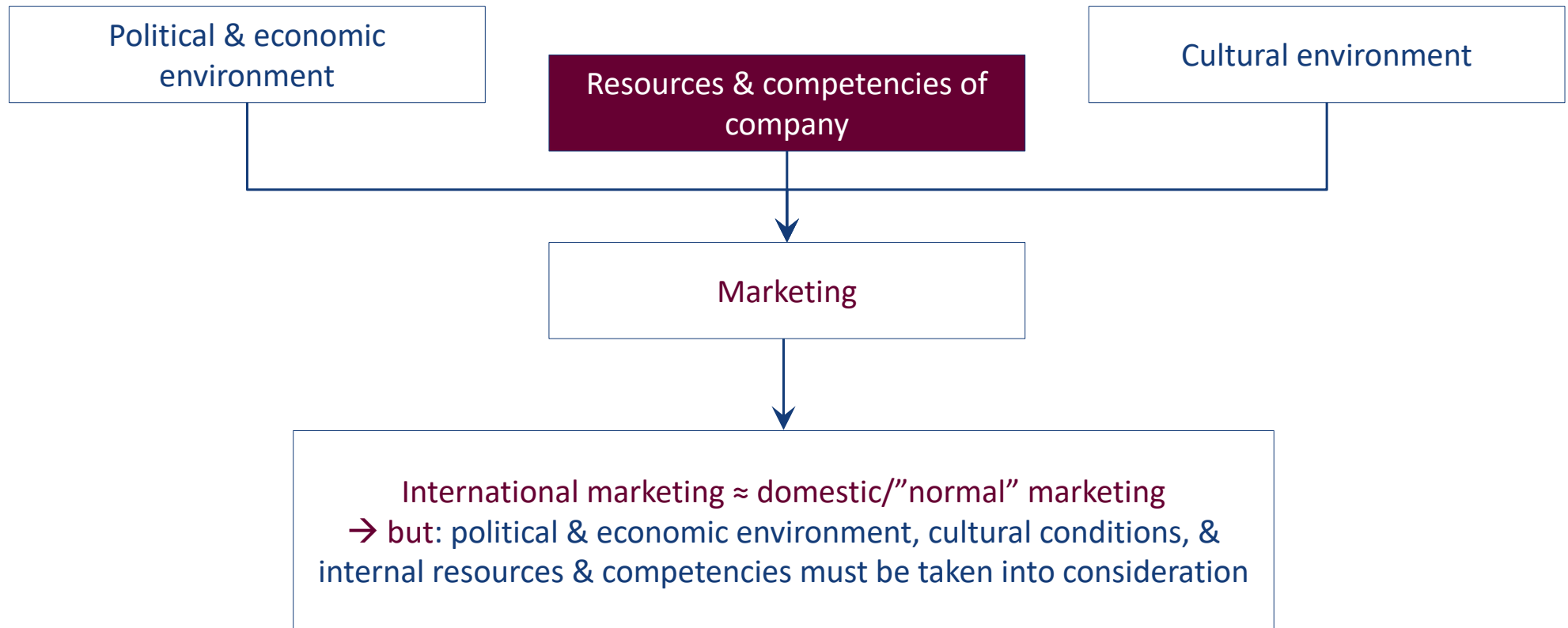


Hofstede Model



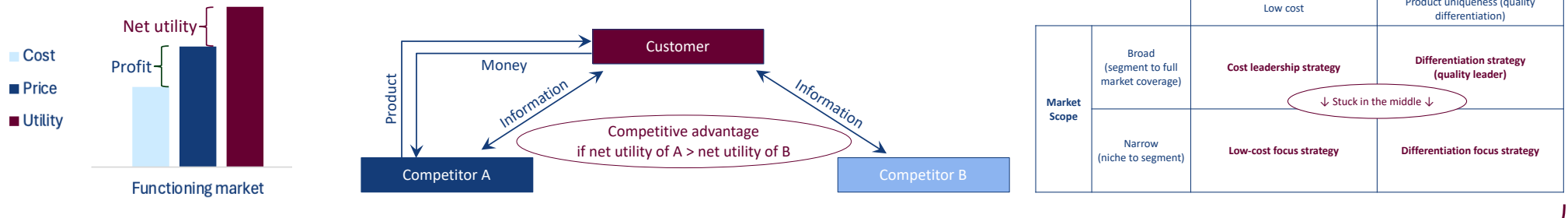
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Guiding questions

- 1) Do the customer value of our product, our competitive advantage & the scope of our business model (niche vs. segment/mass product) meet the needs & wants, & the economic, political & cultural environment of international markets?

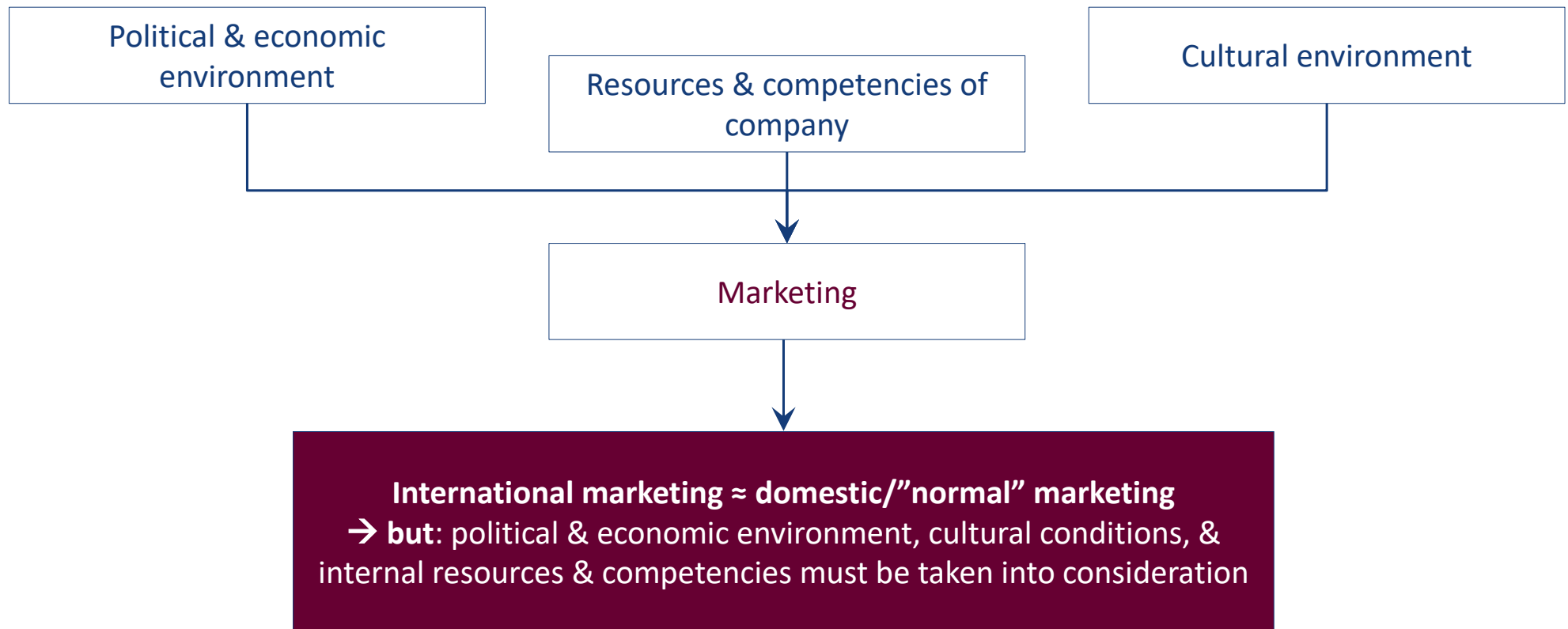


- 2) Do we have the international business experience, competencies, contacts & other means to create (& possibly adjust), deliver & communicate the customer value of our product in international markets?
- 3) Do we have the financial resources to realise the creation, delivery & communication of our customer value in international markets?

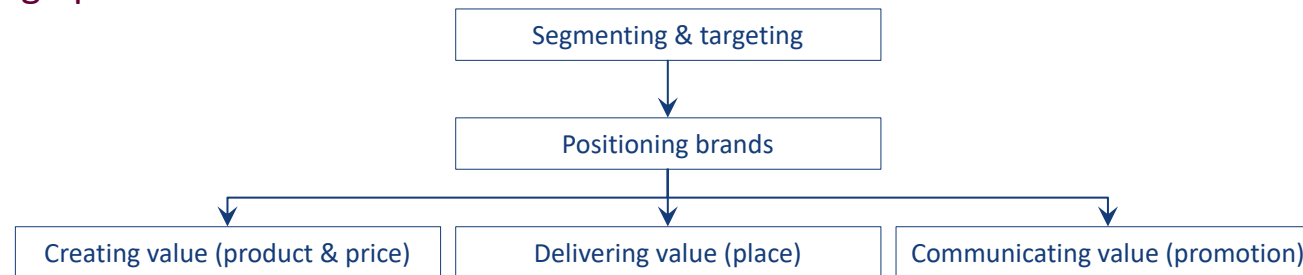


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- Basic marketing operations

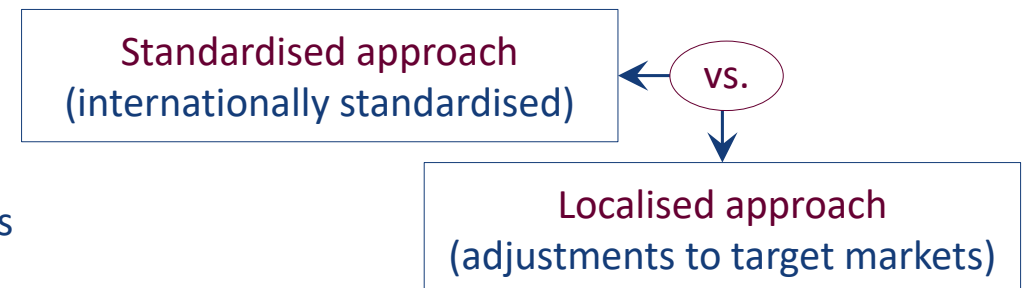


- Adjustment of marketing operations based on political, economic & cultural environment of (pot.) target markets, & own resources & competencies



- Guiding questions

- Should we operate internationally?
- How should we operate internationally?
- How should we adjust (localise) our operations to international markets?



Framework Conditions of International Marketing

Segmenting & Selecting International Markets

Creating Value in International Markets

Delivering Value in International Markets

Communicating Value in International Markets

Further Reading

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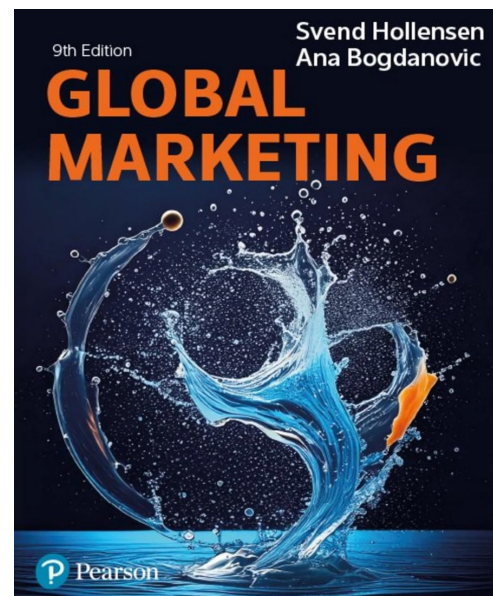
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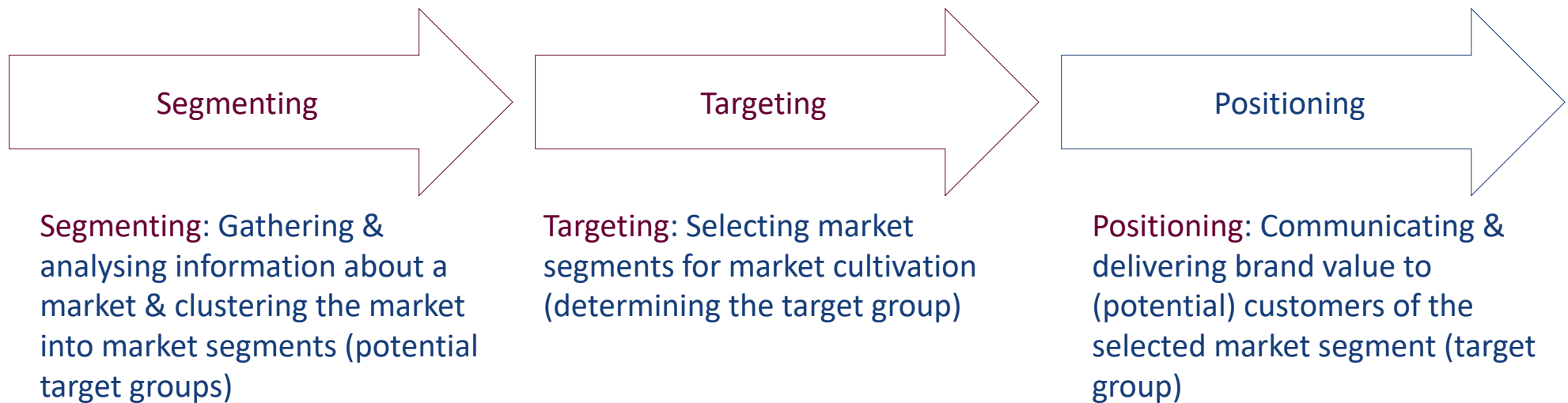
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→ Section 2 Segmenting & Targeting

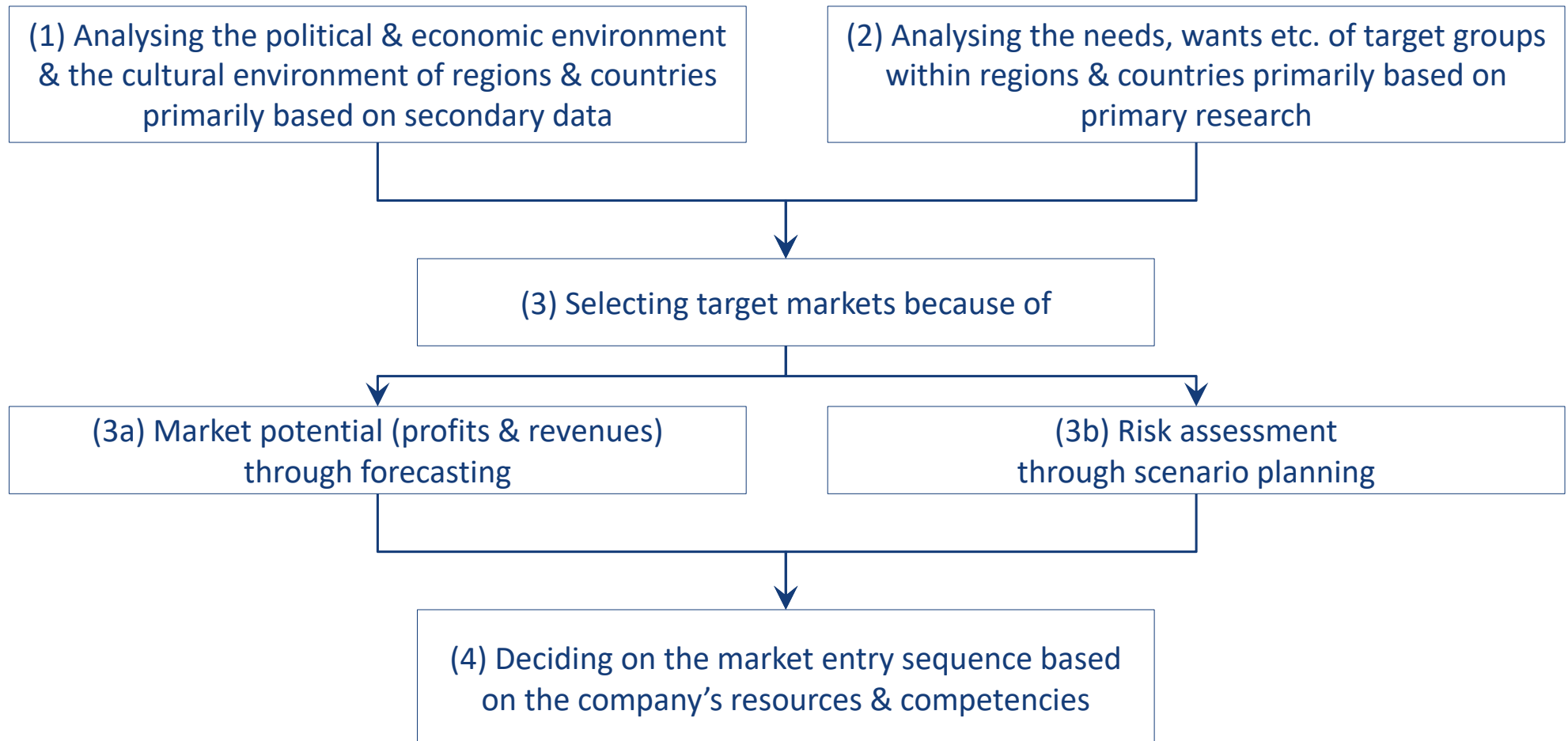


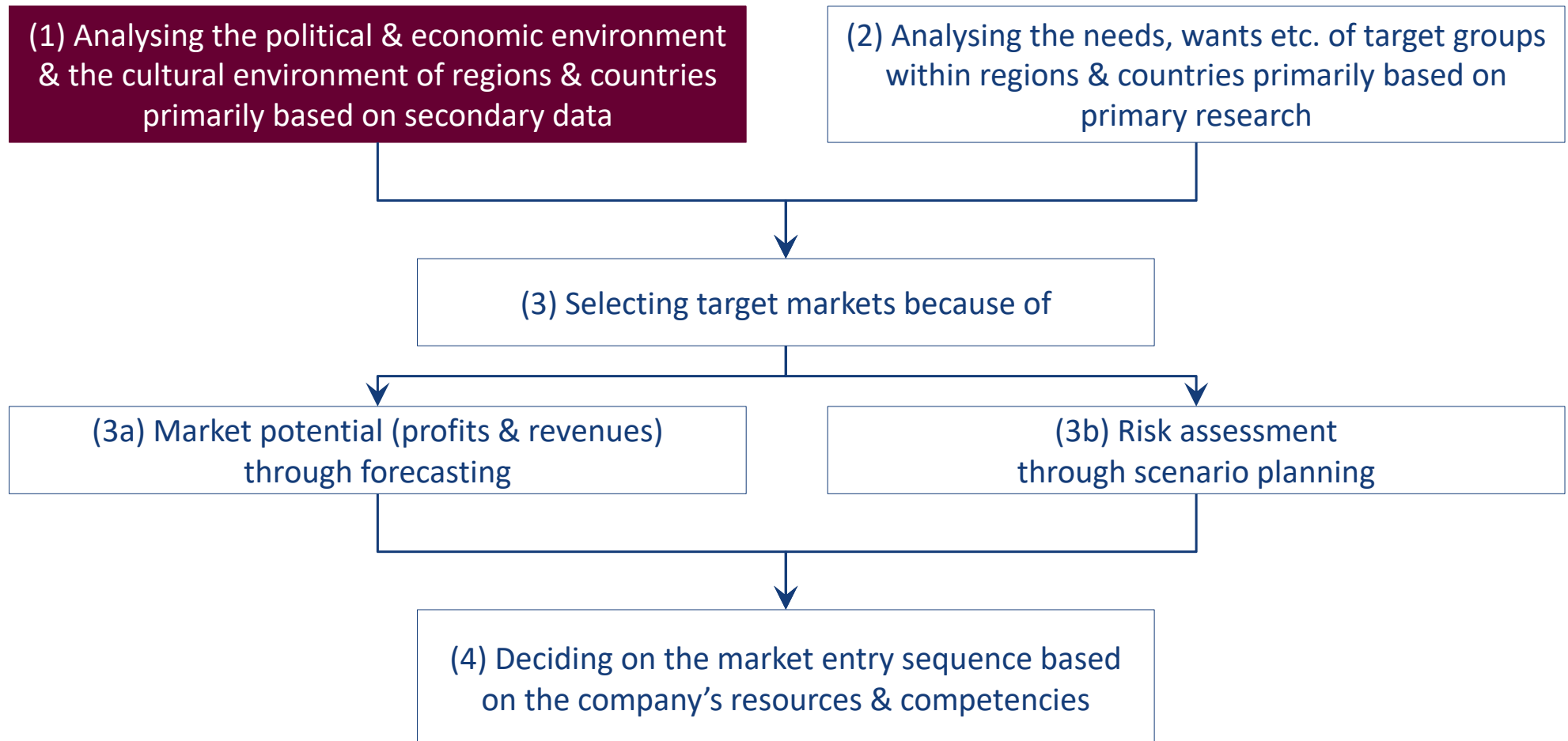
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Secondary Research of the Political & Economic Environment

- Research objectives – understanding of
 - Home (& third) country environment
 - Target country environment
 - Business opportunities & risks

- Deductive research process

(1) General understanding of target country environment

e.g., political & economic system, economic development, trade barriers

(2) More detailed understanding of industry within target country

e.g., revenue potential, competitors, market prices

(3) Deducing business opportunities & risks

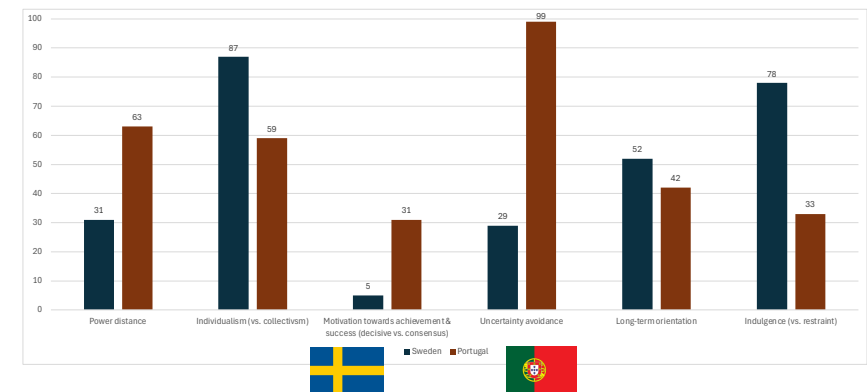
- Potential sources

- Governmental information, e.g., CIA World Factbook
- Official statistics, e.g., Office for National Statistics
- Economics & business intelligence agencies, e.g., The Economist Intelligence Unit
- Trade association information, e.g., British Chambers of Commerce
- Case-specific internet research, e.g., researching specific import-export agents
- ...

Regional vs. Country Approach to International Marketing – Example of the EU

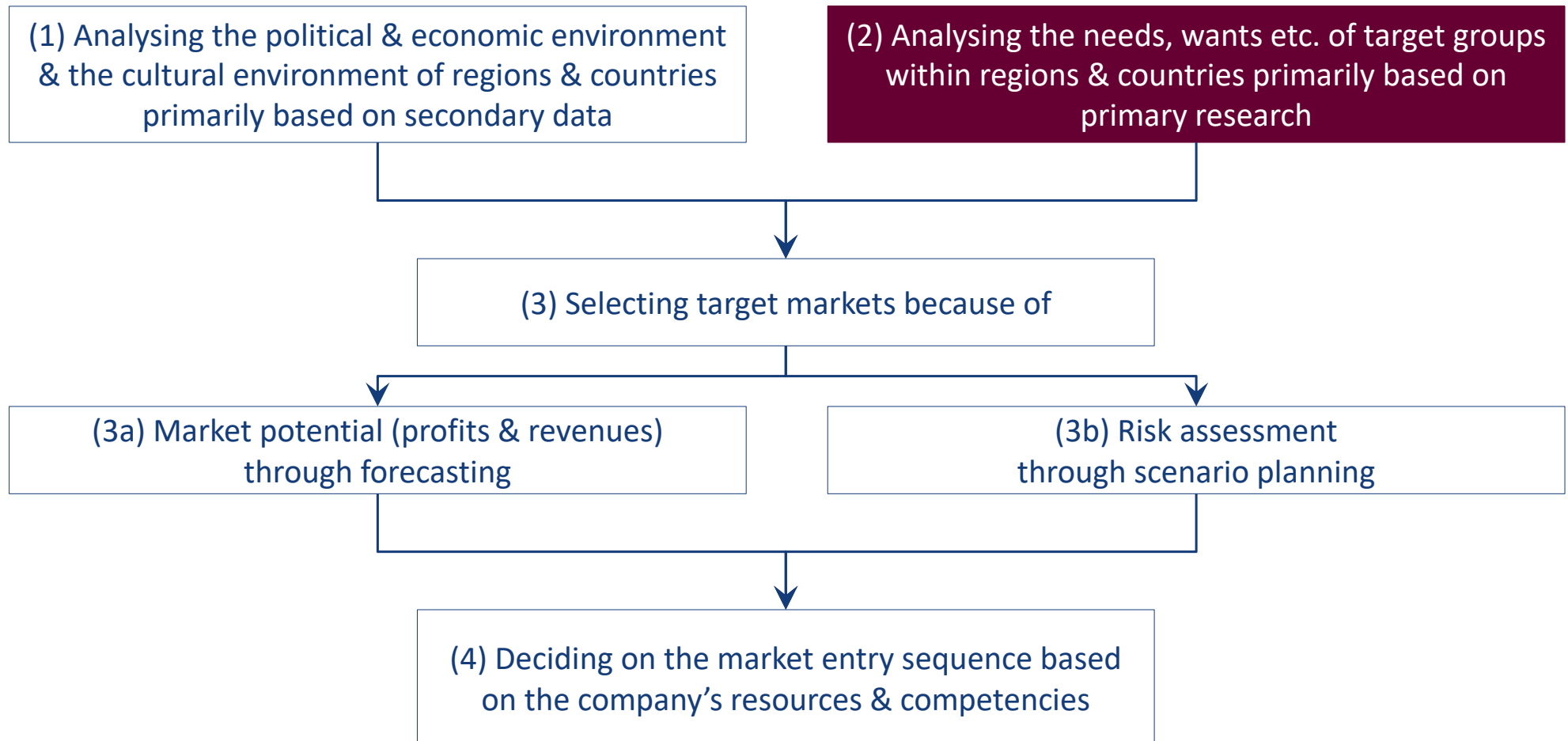
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- EU approach vs. country approach of segmenting & targeting
 - EU approach to segmenting & targeting
 - ⊕ • Pro: Simplification & utilisation of economic integration
 - ⊖ • Contra: Neglect of different economic conditions & cultures
 - Country approach to segmenting & targeting
 - ⊕ • Pro: Consideration of different economic conditions & cultures
 - ⊖ • Contra: More complicated approach
- Hierarchical approach of segmenting & targeting
 - (1) Regional approach (Simplifying the approach to market)
 - (2) Country approach (Considering country specifics)

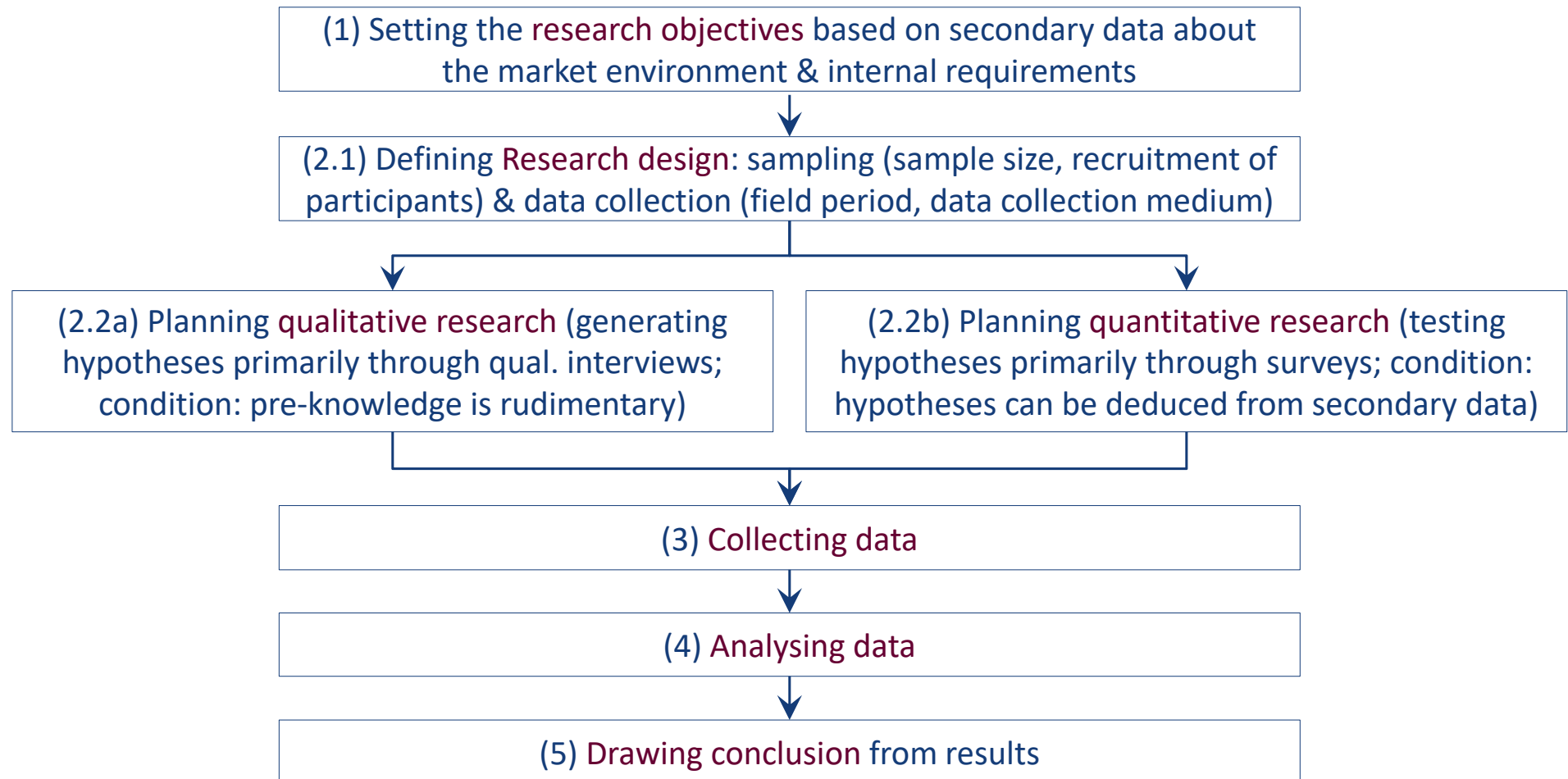


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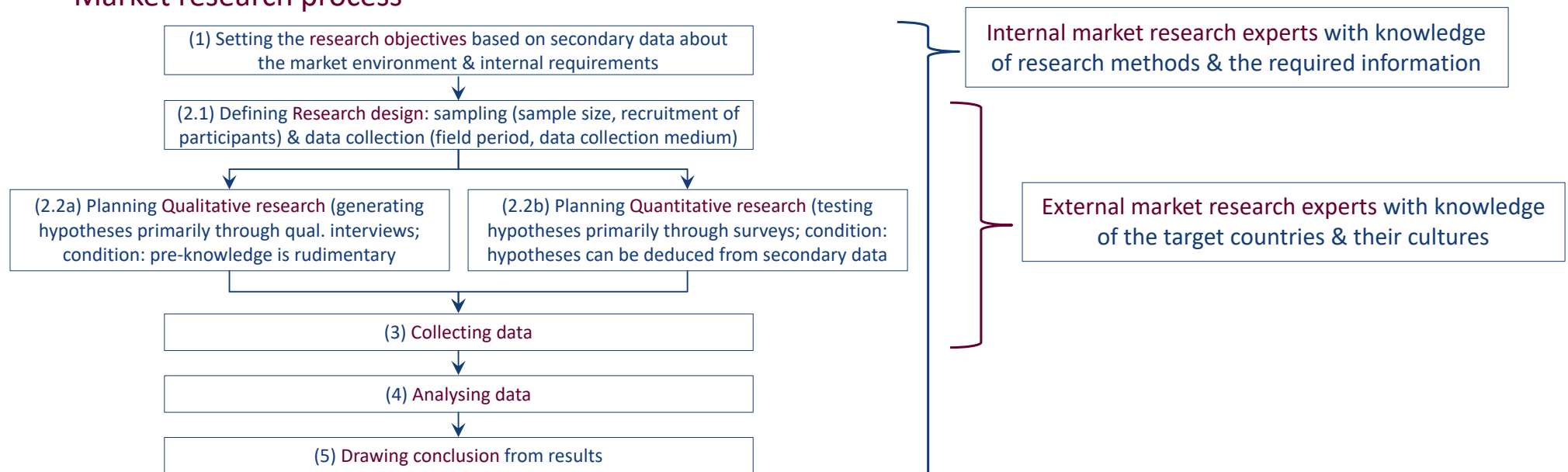


Primary Research Process



Primary Research in International Markets

- International marketing information system
 - (1) Defining a standardised & integrated market research process & international marketing information system over all target countries
 - (2) Localising the research process & marketing information system to the specific market & cultural conditions in each target country
- Market research process



Potential Challenges in Primary Research in International Markets

- Potential challenges in international market research
 - Lack of up-to-date official statistics impede sampling
 - Non-response patterns because of culture impede data collection
 - Language differences impede validity of measurement instruments
 - Cultural differences impede validity of measurement instruments
- Possible mitigation measures
 - Involving market research experts who are familiar with the circumstances & culture of the target country
 - Questionnaire design through
 - Translation of the questionnaire by native speakers
 - Back translation into home country language

Examples of language differences



It is a rather sticky situation.



"The shit hits the fan."
(in overly plain words)



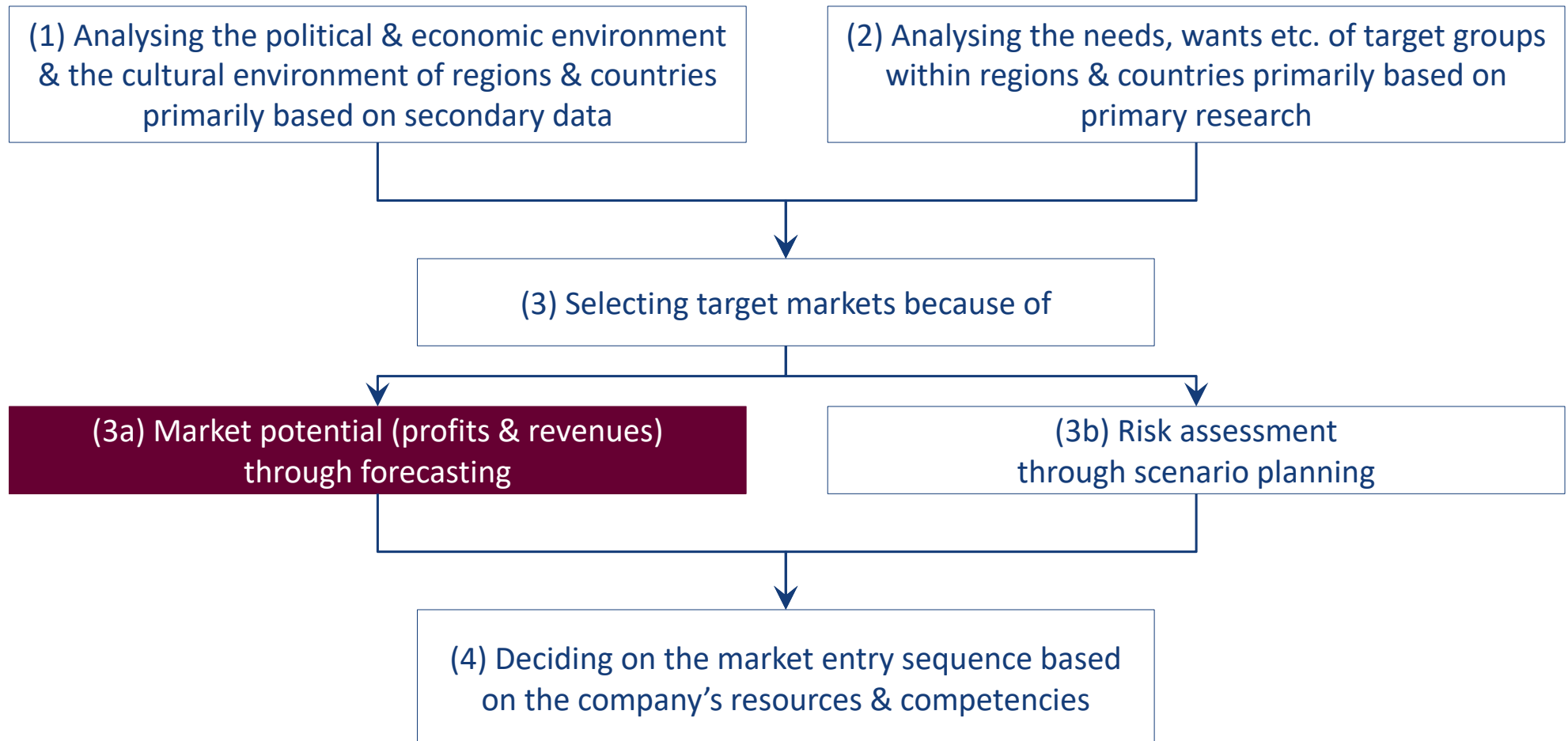
I fell on my fanny.



Do not say this in Britain.

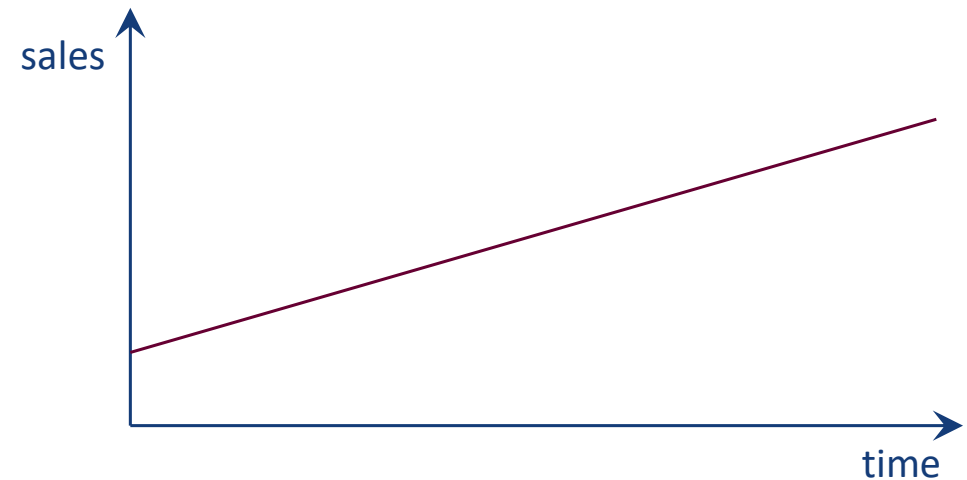
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Forecasting Market Potential & Market Share

- Objectives of sales forecasting
 - Determining expected sales in target country
 - Deducing expected revenue & profit
- Sales forecasting approaches
 - Direct forecasting:
 - Trend analysis based on past sales
 - Indirect forecasting:
 - 1st Determining market development
 - 2nd Determining market share
- Forecasting techniques
 - Forecasting by proxy indicators
 - Chain ratio method
 - Lead-lag method
 - Estimation by analogy



Sales Forecasting Techniques

- **Forecasting by proxy indicators**
 - Using similar/related indicators to predict sales
- **Chain ratio method**
 - Using & combining factors which determine sales
- **Lead-lag method**
 - Using the past development of an existing market to determine the development of a future target market
- **Estimation by analogy**
 - Comparing characteristics of an existing market with characteristics of a target market to calculate expected sales

Examples

- Sales washing machines $\approx$ sales of refrigerators

Market potential for washing machines

- Households = 20,000,000 Market potential =
- Running water = 80% $20m * 80\% * 50\% = 8,000,000$
- Electricity = 50%



- **United Kingdom**
 - Population = 69,000,000
 - Sales = 1,000,000
- **Germany (target country)**
 - Population = 83,000,000
 - Market potential = $1,000,000 * (83/69) = 1,202,899$

Selecting Target Markets Based on Value Analysis

- Principle of value analysis
 - Determining the expected (financial) value of each potential market (country) for a product
 - Selecting the markets (countries) with the highest positive value (at least positive NPV)
- Net present value

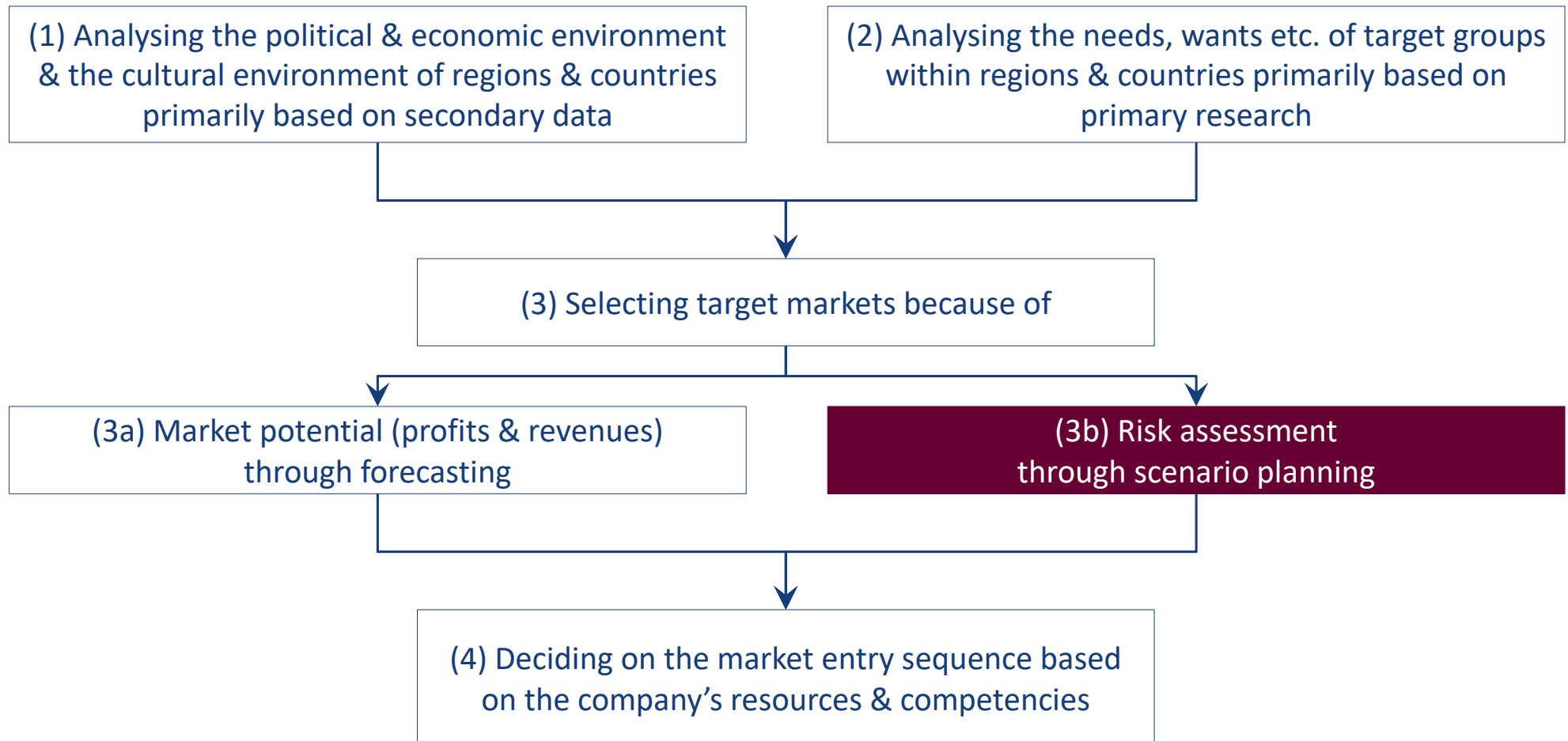
$$NPV = -I_0 + \sum_1^t \frac{R_t - C_t}{(1+i)^t}$$

NPV	Net present value
I	Initial investment
R	Revenue
C	Cost
i	interest rate
t	period

- Please note
 - The success of value analysis is determined by the accuracy of the revenue & cost projections
 - Synergy effects should also be considered
 - Rule of thumb: plan for max. 10 years

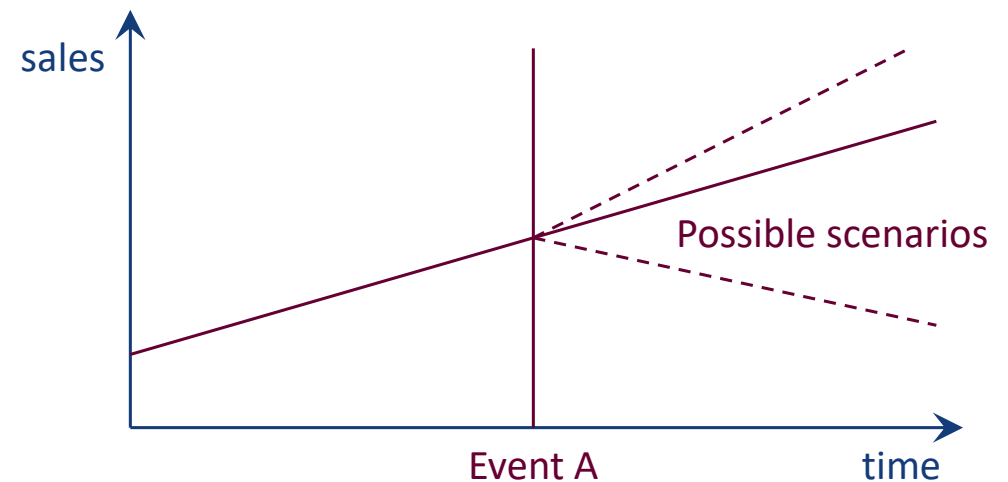
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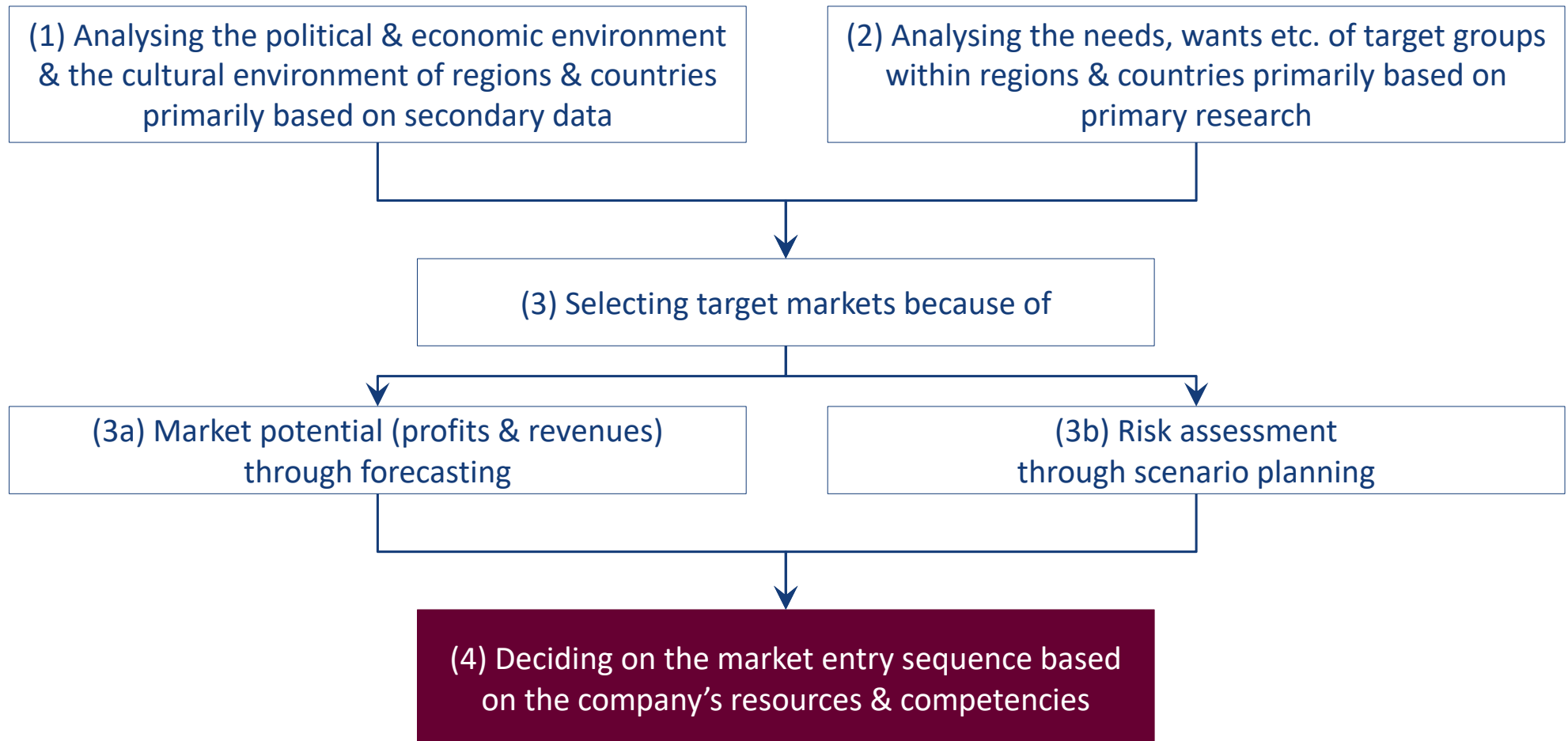
Assessing Risks Through Scenario Planning

- Objectives of scenario planning
 - Determining possible future developments of target countries & markets
 - Assessing risks & mitigation options
- Main dimensions of business risks
 - Ownership risks
 - Operating risks
- Risks assessment & scenario planning process (cf. Section Framework Conditions of international Marketing: Political & Economic Environment)
 - 1) Assessing possible political & societal events or changes
 - 2) Estimating probability of events occurring
 - 3) Deducing impact on business
 - 4) Developing contingency plans & risk mitigation measures



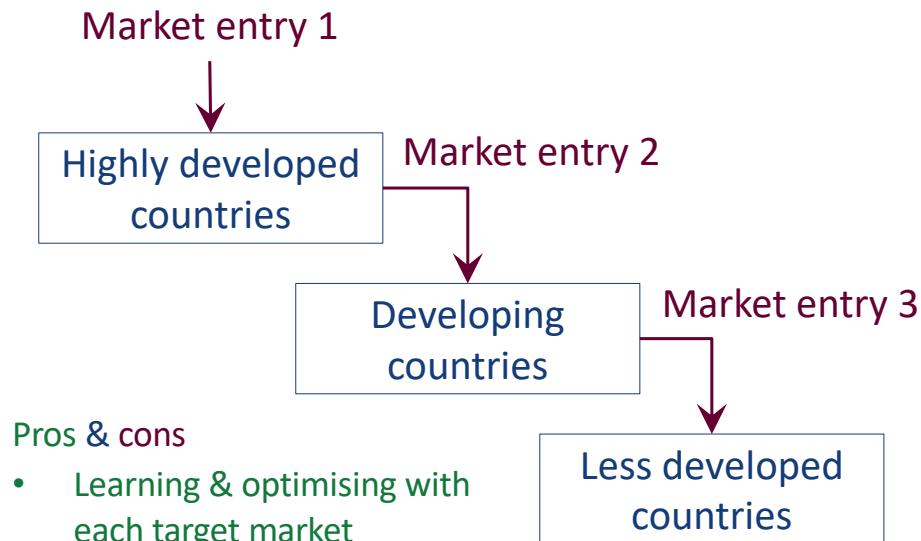
Segmenting & Targeting in International Markets

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Market Entry Sequence (Perspective of a Highly Developed Country)

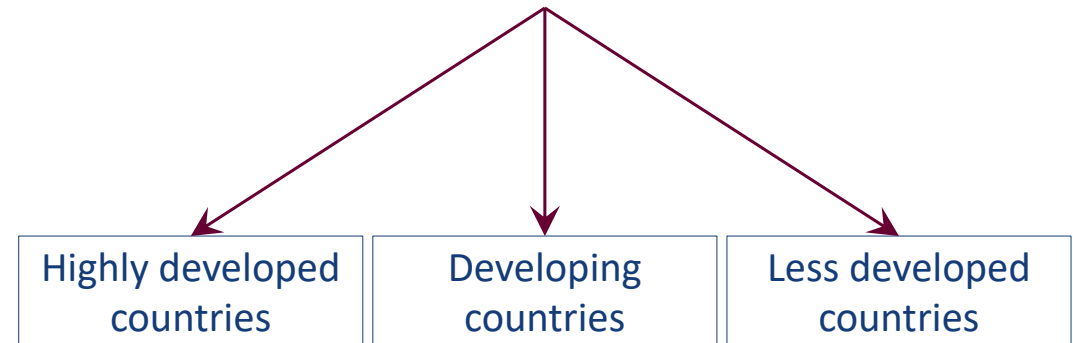
Incremental market entry (waterfall approach)



Pros & cons

- Learning & optimising with each target market
- Lower risk of large malinvestments
- Potentially slower path to substantial profits & global market leadership

Simultaneous market entry (shower approach)



Pros & cons

- Opportunity to generate substantial profits early
- Opportunity to relatively quickly develop global market leadership
- Higher risk of large malinvestments

Company characteristics:
business experiences & competencies; financial resources; risk disposition

Framework Conditions of International Marketing

Segmenting & Selecting International Markets

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Delivering Value in International Markets

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Further Reading

Prof. Dr.
Godbersen

Part I: Marketing Basics

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Part II: Strategic Marketing

(2) Segmenting & Targeting

The customer eventually decides if a company is successful or not through buying or not buying its products. Thus, analysing, understanding and selecting market segments for market cultivation forms the foundation of any successful marketing and business approach. After watching this video lecture, you will understand the process of segmenting and targeting markets. This includes psychographic segmenting, demographic and geographic segmenting, determining competitors, and behavioural segmenting and targeting.



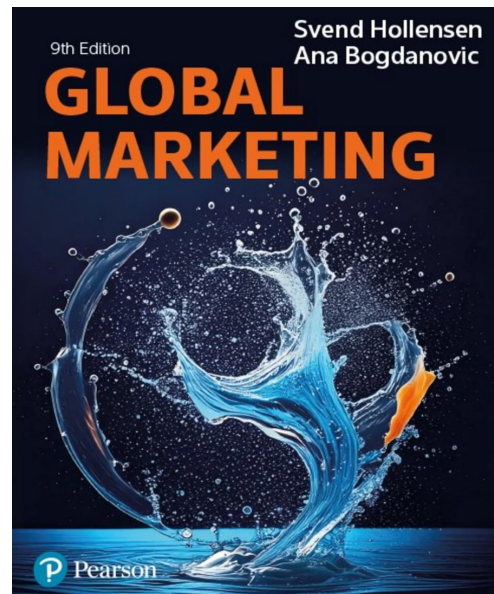
(3) Analysing & planning Business Units

This section is dedicated to the traditional business unit analysis and the respective deduction of business strategies. You will learn how to manage business unit portfolios. Furthermore, you will be introduced to key methods of analysing and planning a business unit:

- SWOT analysis
- Mission statement and business objectives
- Porter's five forces
- Porter's generic strategies
- Intensive growth strategies
- Integrative growth strategies and diversification

Godbersen, H. (2025). Crash Course Marketing – Market-oriented Business Management. <https://godbersen.online/index.php/forschungsgrundlagen/crash-course-marketing>.

- Section 4 Creating & Managing Brands
- Section 6 Creating Value I: Product
- Section 7 Creating Value II: Price



Hollensen, S. & Bogdanovic, A. (2024). Global Marketing (9th ed.). Pearson.

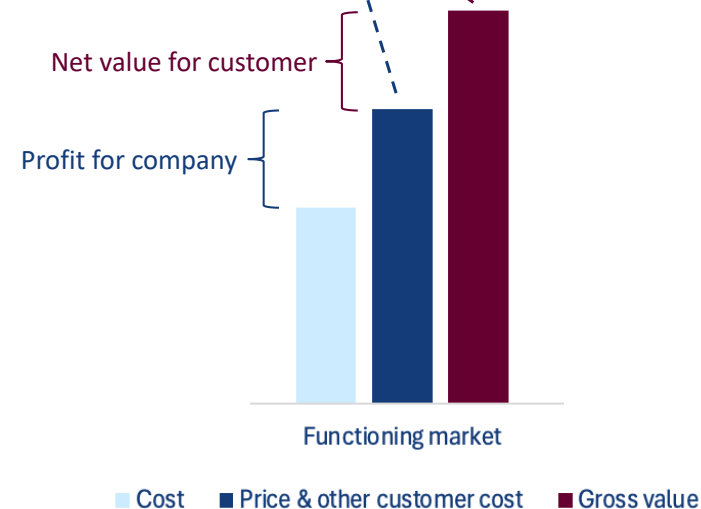
Creating Value in International Markets

- International product (brand) portfolio management
 - Managing multiple products (brands) in multiple markets (countries)
- Creating Value in international markets through
 - International brand & product management
 - International pricing

- Product A
- Product B
- Product C
- Product D



International product (brand) management International pricing



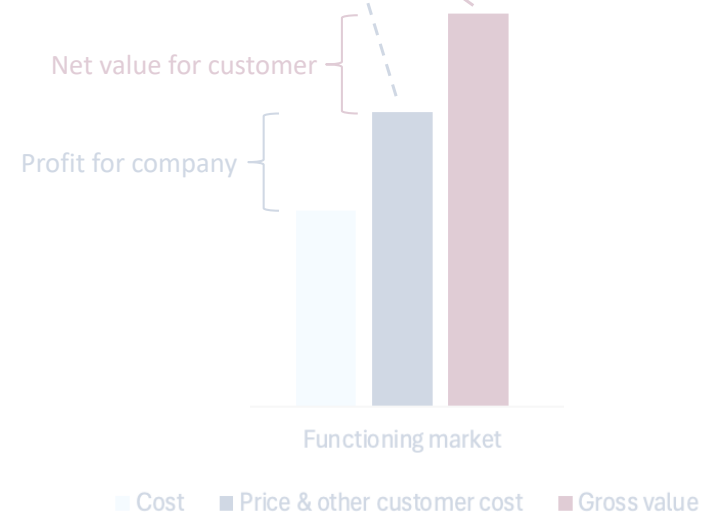
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- Product A
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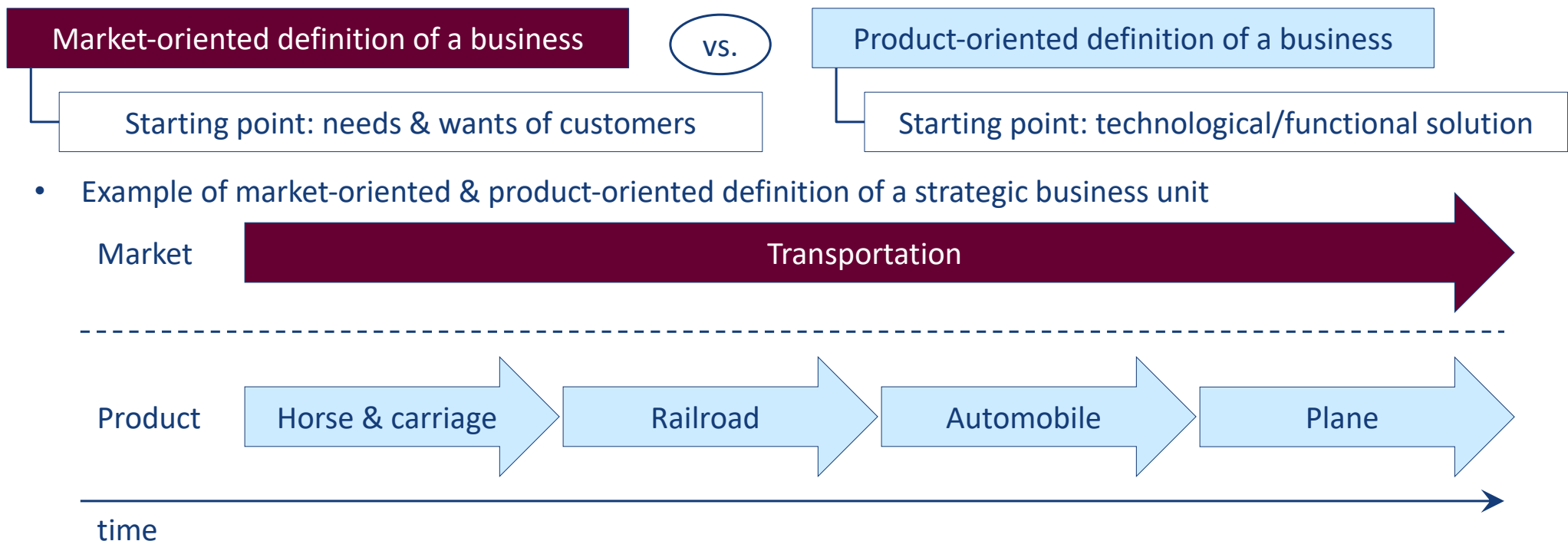


- Creating Value in international markets through
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 - International pricing

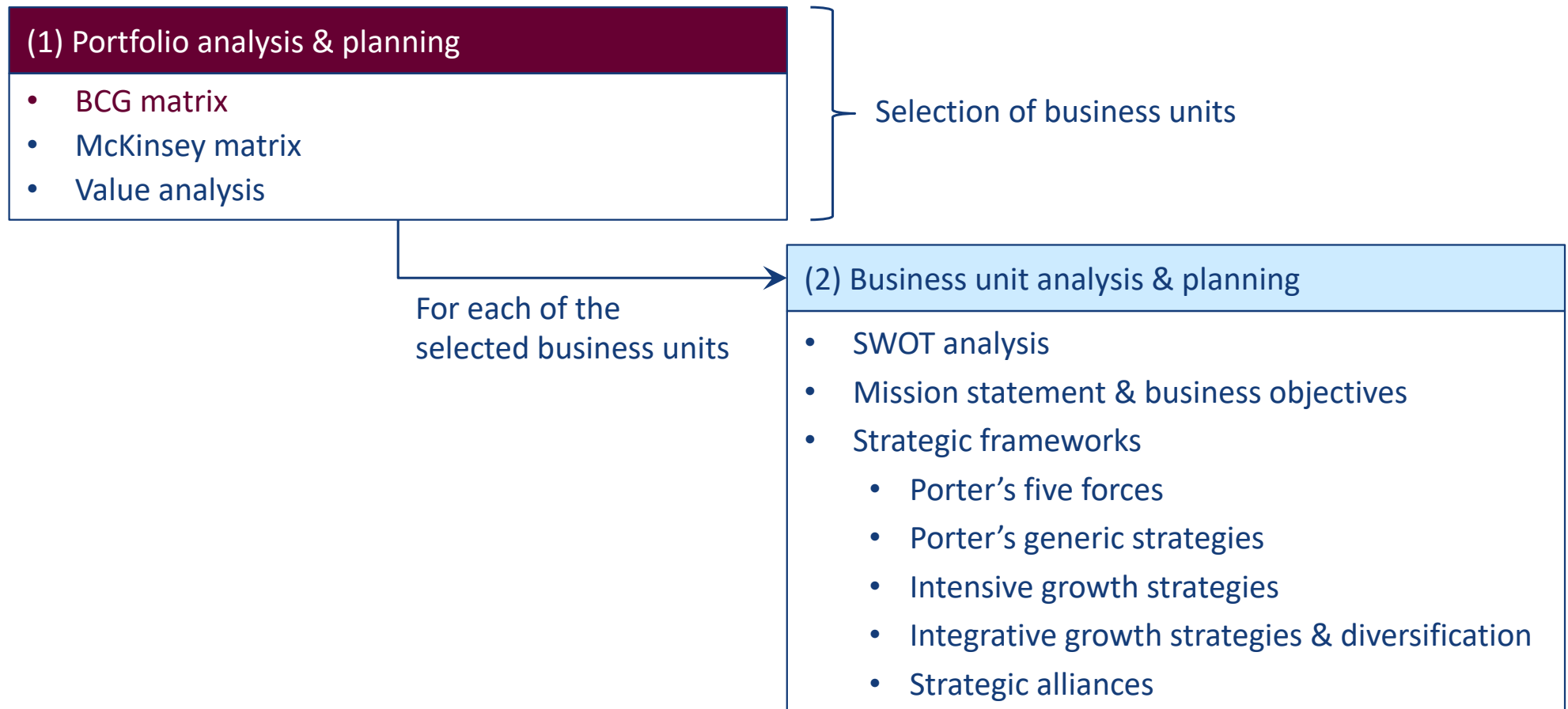
International product (brand) management International pricing



- Characteristics of a strategic business units
 - Business or collection of businesses, which, to a certain degree, can be planned & operated independently/separately from the rest of a company
 - “Company within a company”



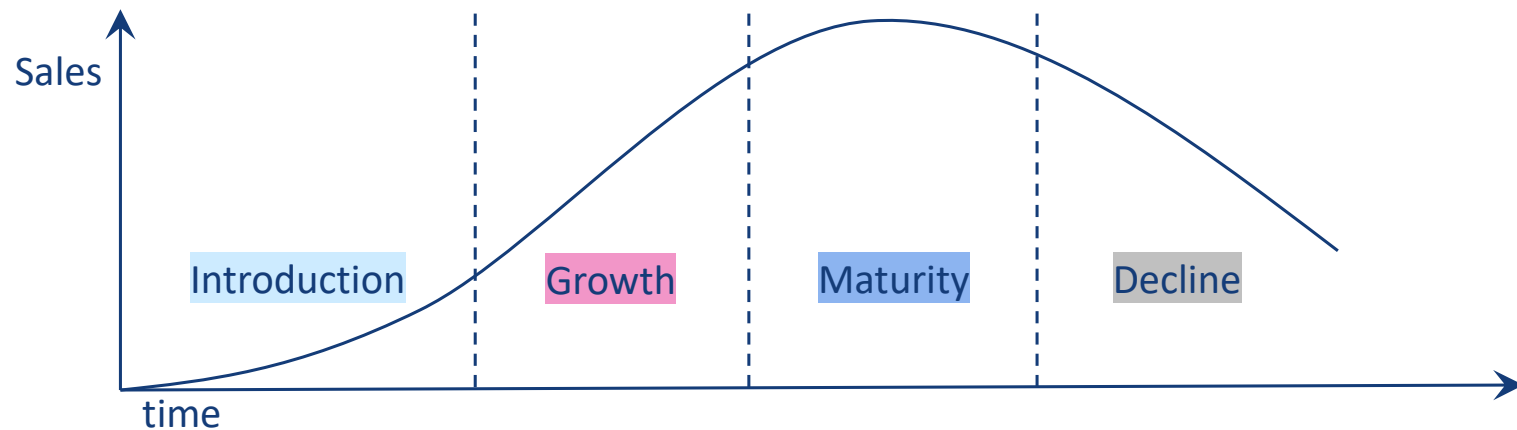
Key Tools for Analysing & Planning Strategic Business Units



Portfolio Analysis: BCG Matrix & Product Life Cycle

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		(Relative) Market Share	
		low	high
Market Growth	high	Question Marks Norm Strategy: Select and invest	Stars Norm Strategy: Invest to hold position & realise profits
	low	Poor Dogs Norm Strategy: Eliminate	Cash Cows Norm Strategy: Skimming profits and re-invest in other SBUs (Question Marks)



BCG Matrix & Product-Country Portfolio

- Balanced product-country portfolio

- Product A in country 1
- Product A in country 2
- Product B in country 1
- Product B in country 2
- Product C in country 1
- Product C in country 2

		(Relative) Market Share	
		low	high
Market Growth	high	Question Marks 	Stars 
	low	Poor Dogs	Cash Cows 

- Unbalanced product-country portfolio

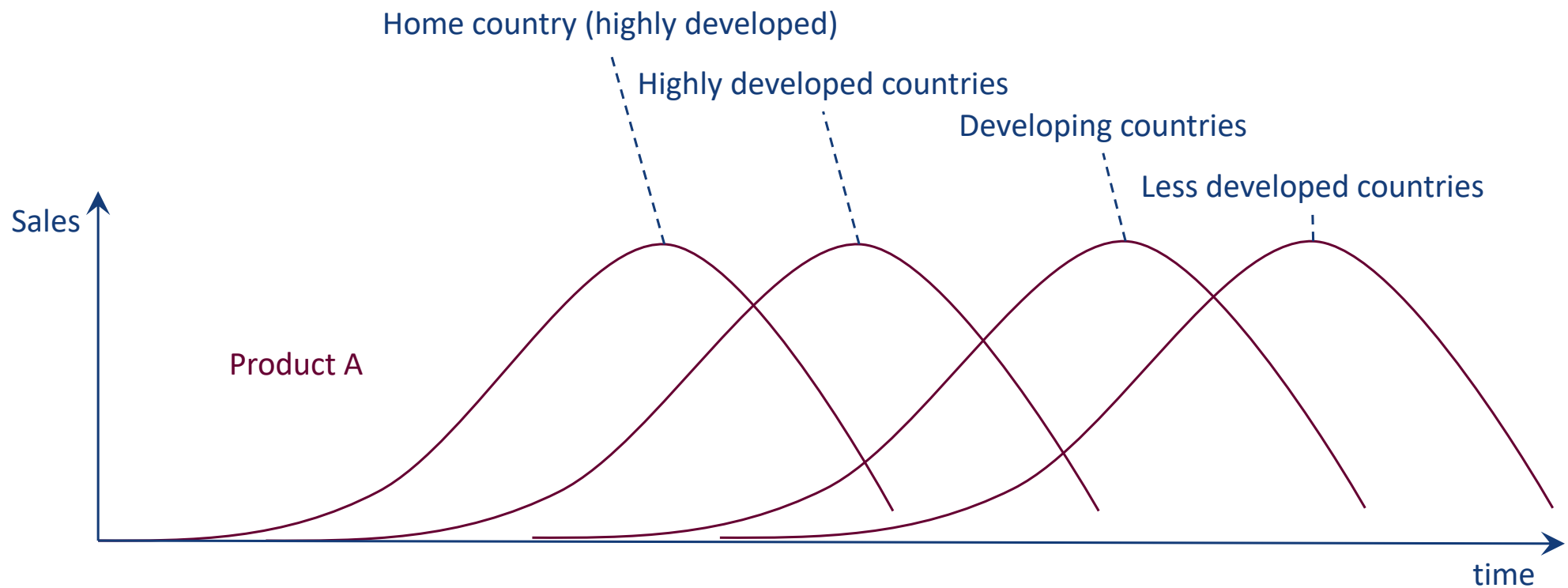
- Product A in country 1
- Product A in country 2
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- Product B in country 2
- Product C in country 1
- Product C in country 2

		(Relative) Market Share	
		low	high
Market Growth	high	Question Marks	Stars
	low	Poor Dogs	Cash Cows 

Product Life Cycle Patterns in International Markets

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Typical product life cycle pattern when internationally expanding from highly developed countries

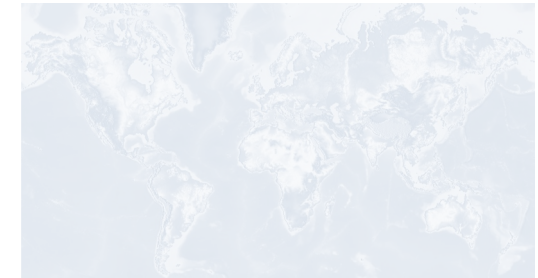


Creating Value in International Markets

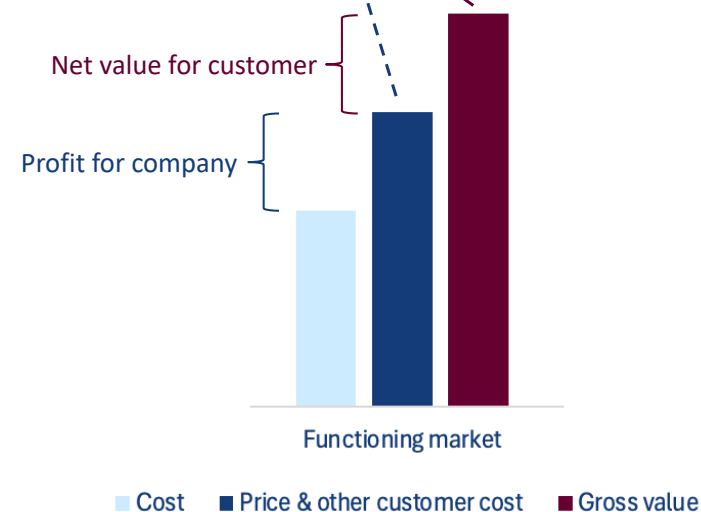
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- International product (brand) portfolio management
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- **Creating Value in international markets through**
 - **International brand & product management**
 - International pricing

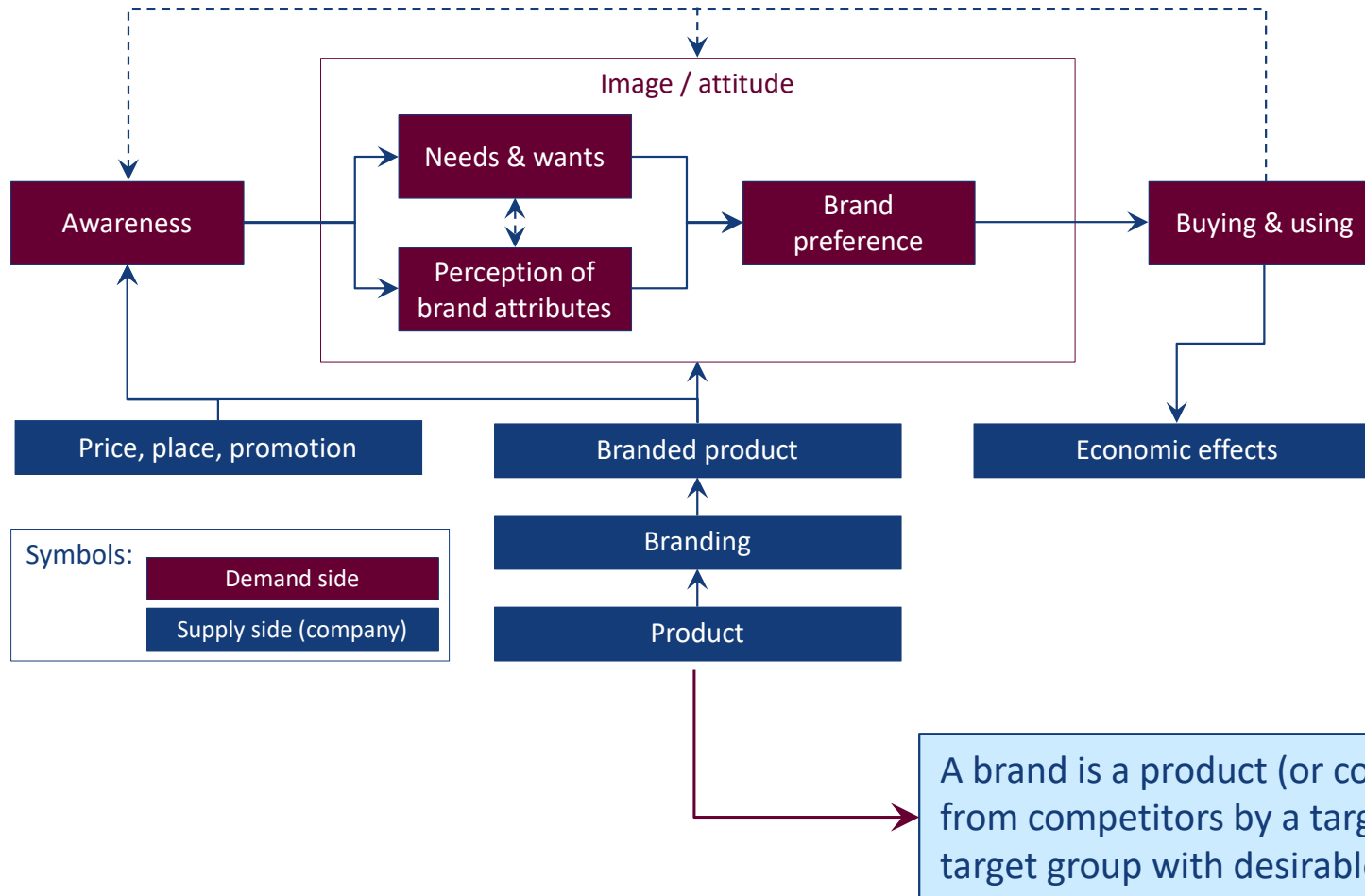
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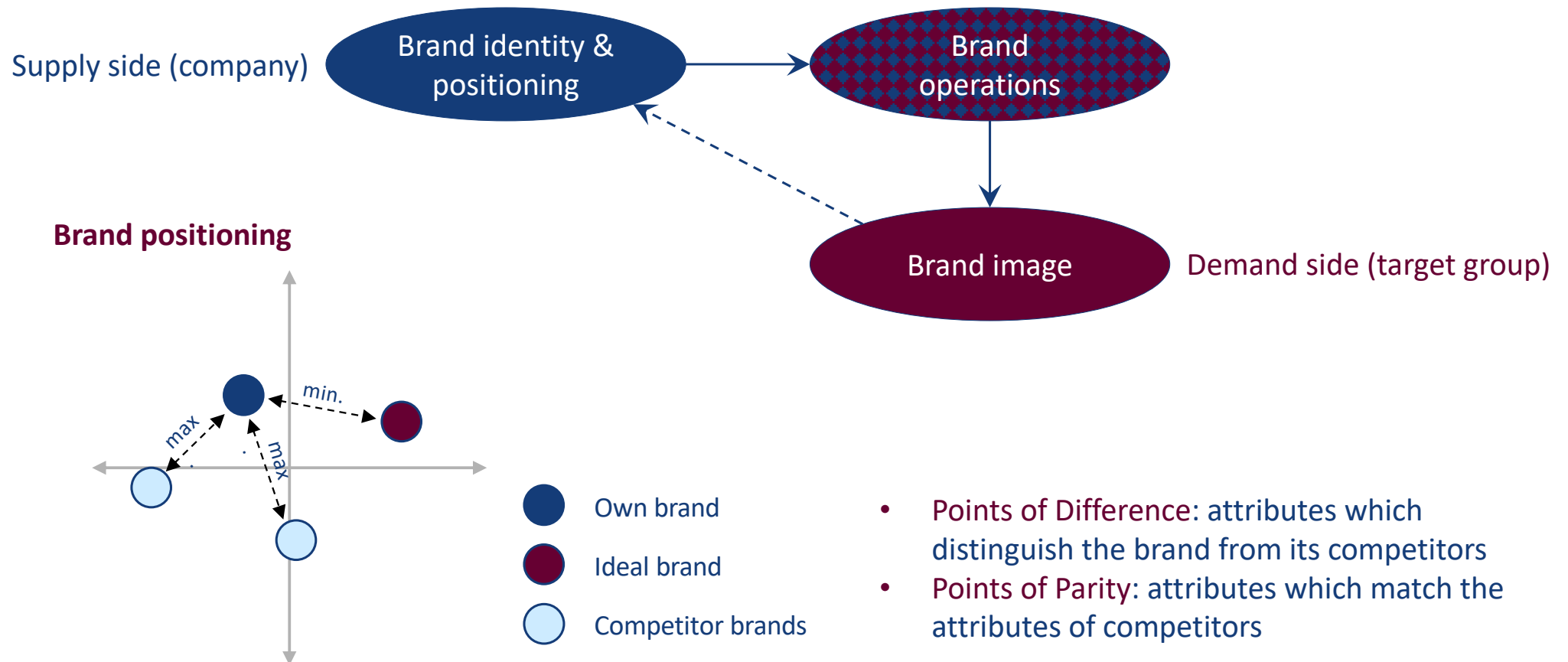
International product (brand) management
International pricing

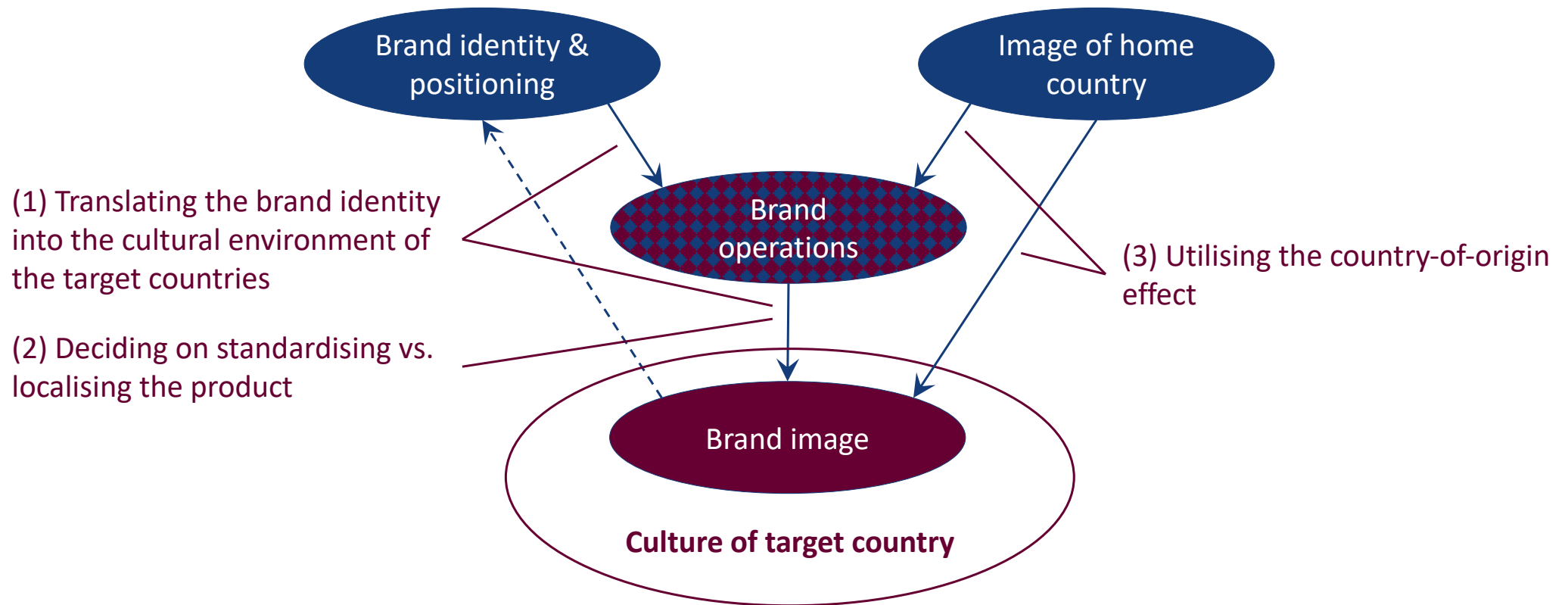


Definition of a Brand



Creating brand identity & managing brand image





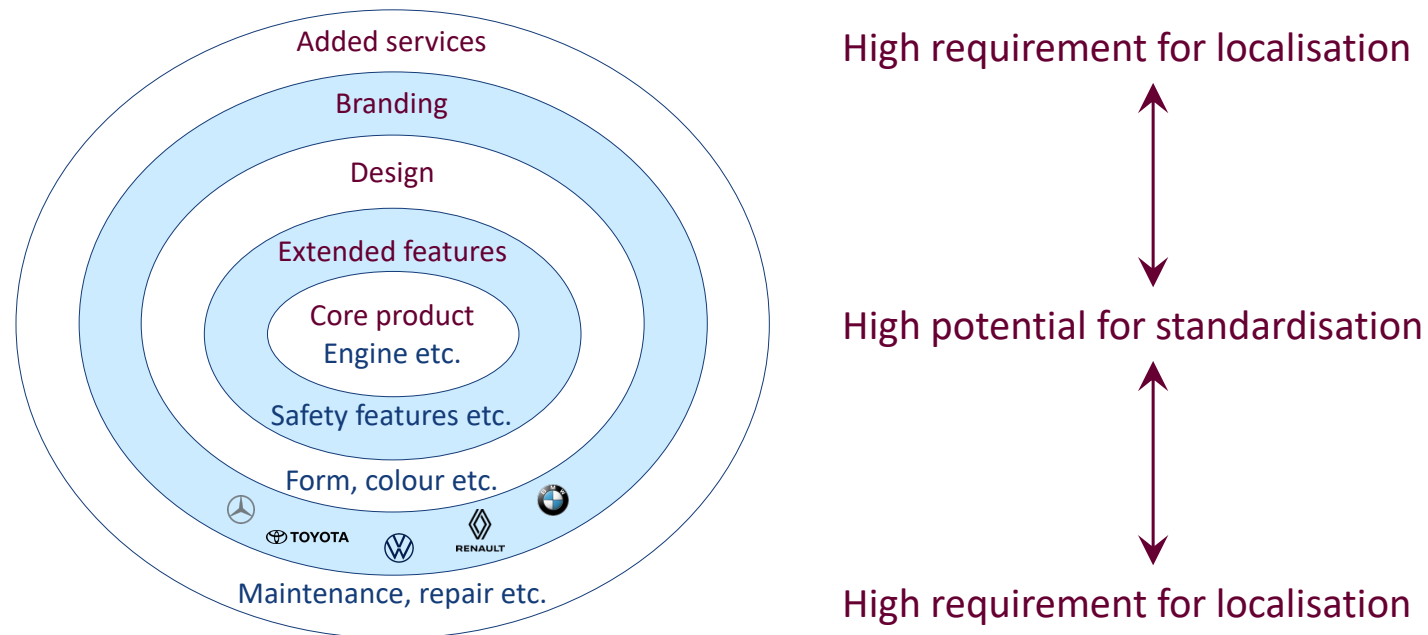
Translating the Brand Identity into the Culture of the Target Country

- Culture & preferences
 - A culture comprises of the norms & values which are learned from & shared with a group of people so that this group of people shows similar behaviours.
 - → thus, the tastes & preferences in the target country might differ from those of the home country
- Example of McDonalds expansion to India
 - McDonald's menu in the U.S. & Western countries
 - Predominantly beef burgers
 - McDonald's menu in India (a country in which cows are sacred)
 - Veg Surprise Burger
 - McAloo Tikki Burger
 - McChicken
 - Fillet-O-Fish
 - McSpicy Chicken
 - Veg Maharaja Mac
 - Chicken Maharaja Mac
 - McEgg
 - Butter Paneer Grilled Burger
 - ...
- Also cf. standardising vs. localising in this section



Deciding on Standardising vs. Localising Product: Physical Goods

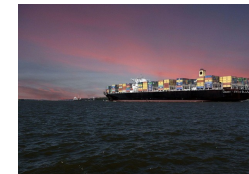
- Objectives of standardising & localising
 - Standardising: Optimising cost through simplified processes & economies of scale
 - Localising: Improving on meeting demand through offers that are customised to local needs & wants
 - Rule of thumb for practice: Standardise as much as possible & localise as much as necessary
- Standardising potential & localising requirement for physical goods



Deciding on Standardising vs. Localising Product: Services

- Objectives of standardising & localising
 - Standardising: Optimising cost through simplified processes & economies of scale
 - Localising: Improving on meeting demand through offers that are customised to the needs & wants
 - Rule of thumb for practice: Standardise as much as possible & localise as much as necessary
- Standardising potential & localising requirement for services
 - Services focused on intangible products (e.g., information)
 - Internet services
 - Banking
 - ...
 - Services focused to physical goods
 - Car repair
 - Logistics
 - ...
 - Services focused on people
 - Education
 - Health care
 - ...

High potential for standardisation



High requirement for localisation

Utilising the Country-of-origin Effect

- Country-of-origin effect
 - The image of the country, in which a brand originates, influences the brand image
 - Typically, the country-of-origin effect is utilised by the phrase “made in...”



- Example: Germany vs. France



Germany	France
Typical associations World-class engineering, punctuality...	Typical associations Elegance, savoir vivre...
Well-known brands/products   BOSCH  Mercedes-Benz  SIEMENS	Well-known brands/products  LOUIS VUITTON LVMH 

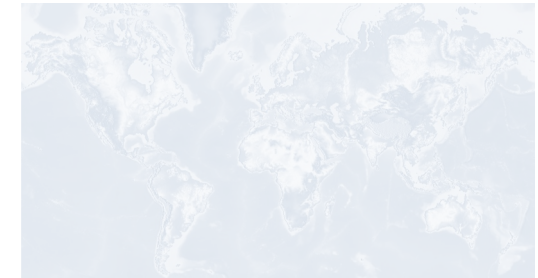


Creating Value in International Markets

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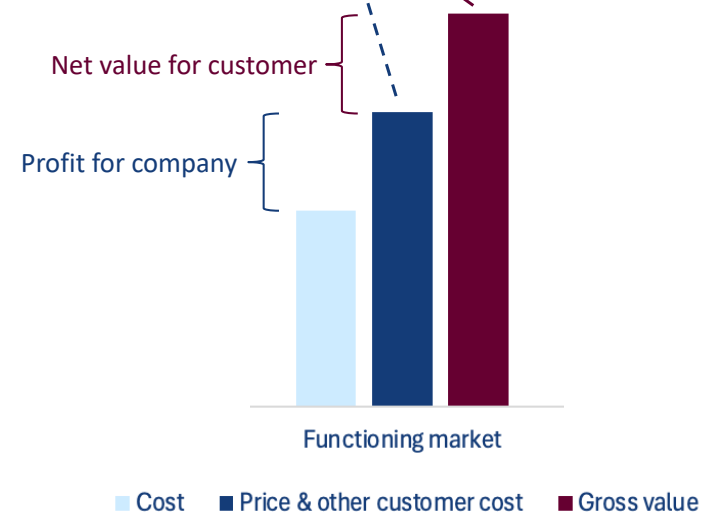
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- **Creating Value in international markets through**
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International product (brand) management International pricing

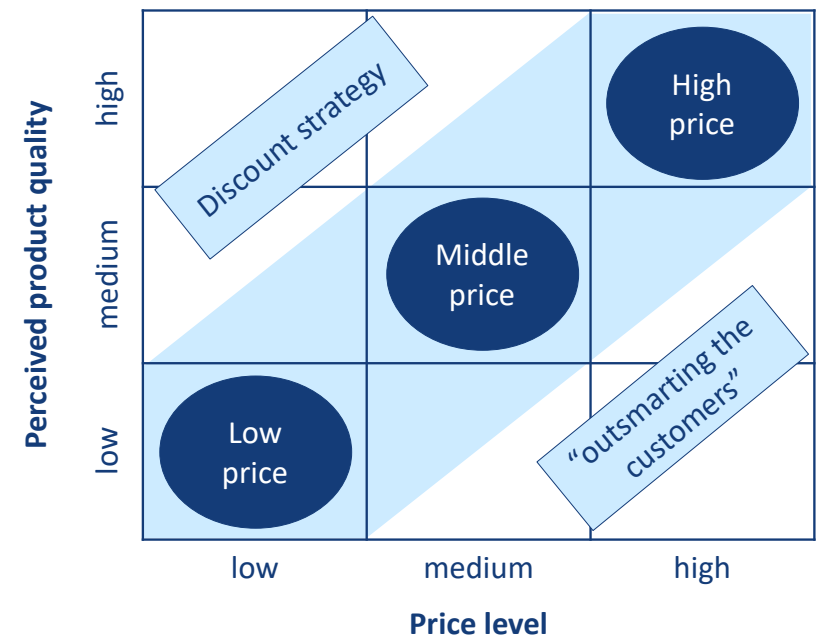


Pricing

- Definition of pricing
 - Pricing contains all processes & decisions with regard to the price of a product, discounts, delivery terms & payment terms
- Forms of prices
 - “Traditional” price
 - Rent
 - Fees
 - Wages
 - Commissions
 - ...
- Pricing is the sole instrument of the marketing mix that directly generates revenues



Price & perceived quality



International Price Differentiation

- International price differentiation
 - Charging different prices in different countries
 - Principle of international price differentiation
 - Low-income countries → lower price
 - High-income countries → higher price
- Example: Food services industry
 - Cf. Big Mac Index
- Factors favouring price differentiation & price standardisation

Big Mac Index Jan 2025

Country	Price for Big Mac	
Switzerland	\$	7.99
Norway	\$	6.67
Poland	\$	5.21
New Zealand	\$	4.77
Vietnam	\$	3.03
Philippines	\$	2.89

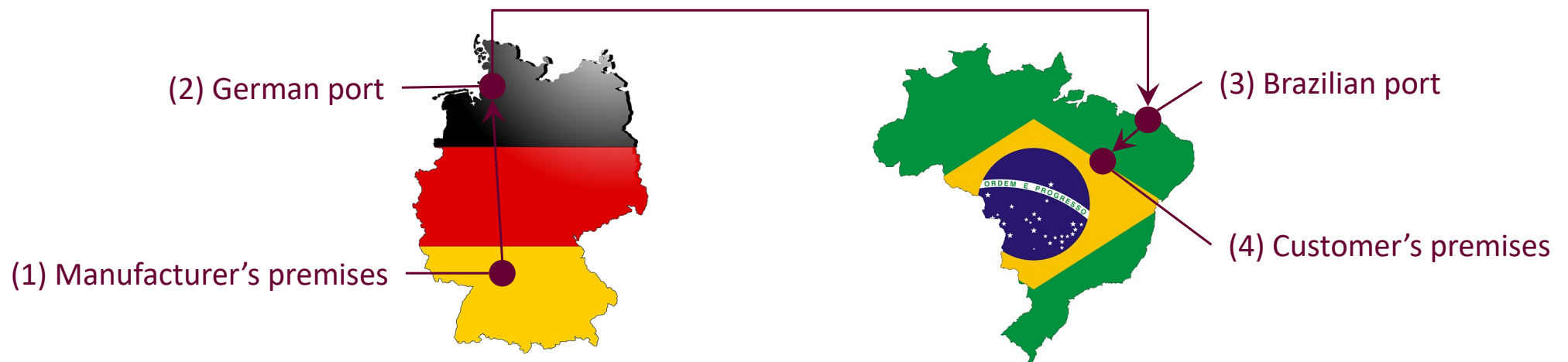


Price differentiation	Price standardisation
• Local markets • Individualised products in industry • Strong cultural influence / local tastes & preferences	• Global markets • Standardised products in industry • Weak cultural influence / universal tastes & preferences



Terms of Delivery & Payment in International Markets

- Terms of delivery & payment
 - When & where will the product be delivered?
 - When & how will the price be paid (e.g., half in advance – half after delivery)?
- Ownership & Risk perspective in terms of delivery & payment
 - When do ownership & risk of a product shift from seller (exporter) to buyer (importer)?
 - Example: German machine is exported to Brazil
 - Points when ownership & risk can shift from exporter to importer



Transfer Pricing

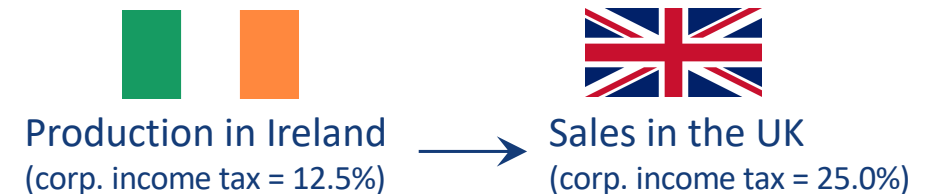
- **Transfer pricing:** Method of profit allocation through pricing goods, services & intangible properties offered by different entities within a multinational corporation with the objectives of
 - Performance evaluation & co-ordination (internal perspective)
 - Profit maximisation through tax optimisation
- Hypothetical example with the aim of tax optimisation

Hypothetical situation without tax optimisation

International corporation	
Units	1,000
Resale price	£ 20.00
Revenue	£ 20,000.00
Total cost	£ 10,000.00
Profit before tax	£ 10,000.00
Tax	£ 1,875.00
Profit after tax	£ 8,125.00

Production subsidiary in Ireland	
Units	1,000
Transfer price	£ 10.00
Revenue	£ 10,000.00
Cost	£ 5,000.00
Profit before tax	£ 5,000.00
Tax (12.5%)	£ 625.00
Profit after tax	£ 4,375.00

Sales subsidiary in the UK	
Units	1,000
Resale price	£ 20.00
Revenue	£ 20,000.00
Fixed Cost	£ 5,000.00
Transfer price	£ 10.00
Total cost	£ 15,000.00
Profit before tax	£ 5,000.00
Tax (25%)	£ 1,250.00
Profit after tax	£ 3,750.00



Hypothetical situation with extreme tax optimisation

International corporation	
Units	1,000
Resale price	£ 20.00
Revenue	£ 20,000.00
Total cost	£ 10,000.00
Profit before tax	£ 10,000.00
Tax	£ 1,250.00
Profit after tax	£ 8,750.00

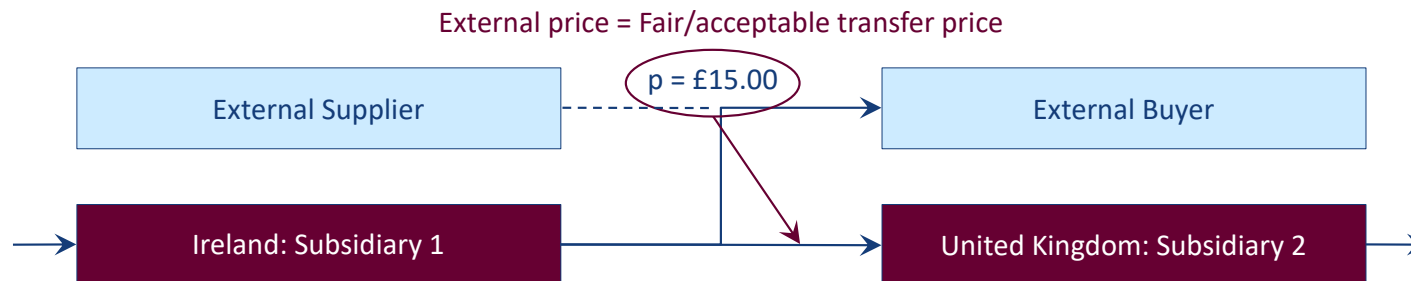
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Revenue	£ 20,000.00
Fixed Cost	£ 5,000.00
Transfer price	£ 15.00
Total cost	£ 20,000.00
Profit before tax	£ -
Tax (25%)	£ -
Profit after tax	£ -

- Beware: Governments took measures to prevent such extreme tax optimisation practices

Transfer Pricing

- Governments took measures to prevent tax optimisation/tax evasion through international transfer pricing standards with the Arm's Length Principle at their core
 - Arm's Length Price is the price that would be agreed on by unrelated parties



- Transfer pricing agreements between companies & tax authorities possible & often advised
- Transfer pricing methods
 - Comparable uncontrolled price method: Transfer price is the price of the same product the subsidiary sells to an unrelated buyer
 - Resale price method: Deducting the transfer price from from the resale margin of an uncontrolled sales company
 - Profit split method: Allocation of profits based on the contribution of the subsidiaries
 - ...

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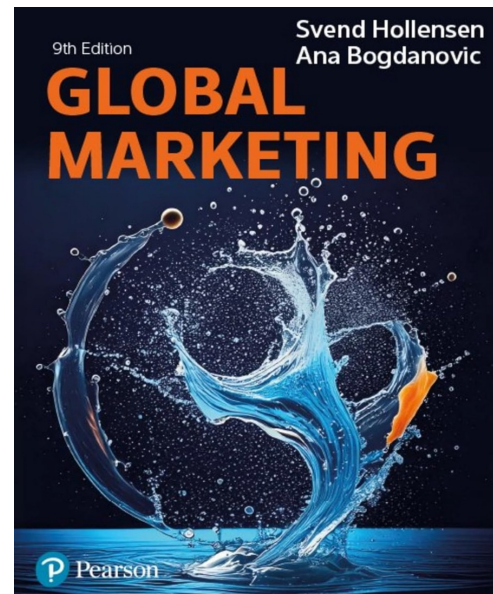
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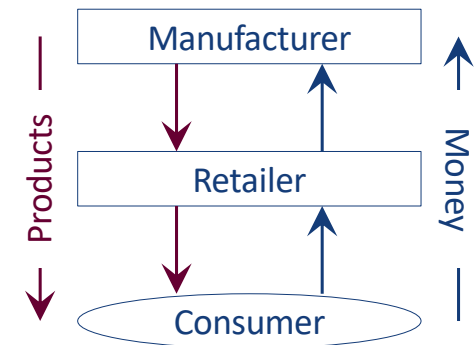
→ Section 8 Delivering Value: Place



Hollensen, S. & Bogdanovic, A. (2024). Global Marketing (9th ed.). Pearson.

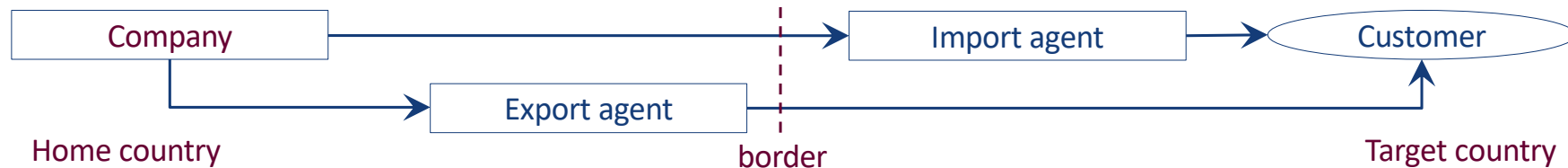
Distribution Channel Management

- **Distribution/marketing channel**
 - Functions that deliver products (goods &/or services) after their production to customers
 - Relationships between organisations &/or persons which make products (goods &/or services) accessible for customers
- **Distribution channel management**
 - Designing, evaluating & managing the distribution of products (goods &/or services) to customers
- **Objectives of Distribution channel management**
 - Effectiveness: making it as easy as possible for as many customers as possible to purchase the offered brands/products
 - Efficiency: minimising the distribution cost to maximise profit/contribution margins
 - Integration: making sure that the distribution channels fit the overall brand strategy & identity

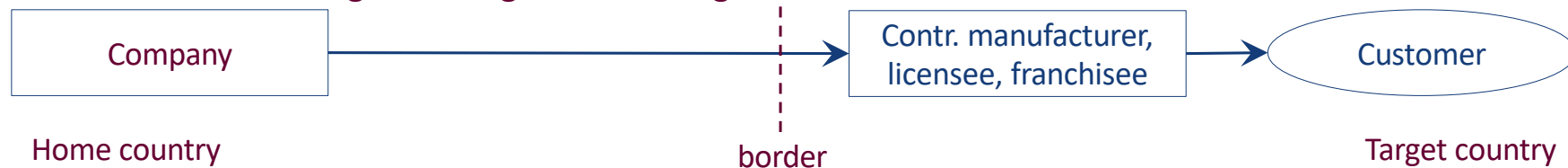


International Distribution Channels

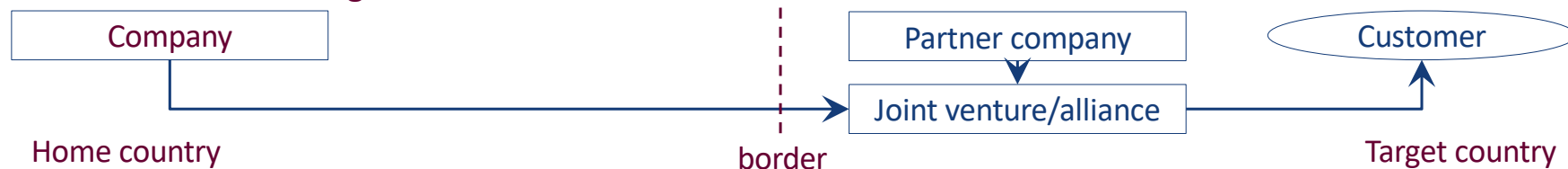
- Direct & indirect Exporting



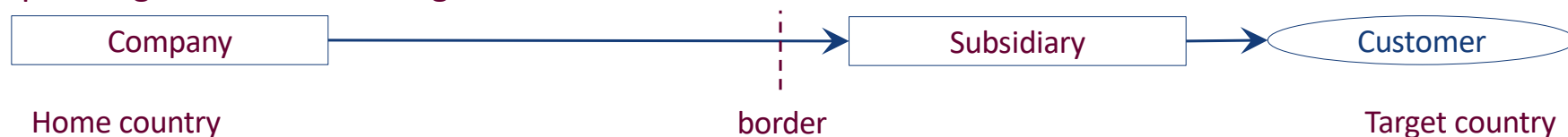
- Contract manufacturing, licensing & franchising



- Joint ventures & strategic alliances

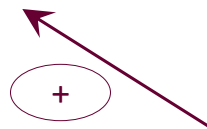
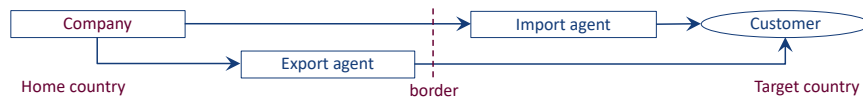


- Operating subsidiaries in target countries



International Distribution Channels: Exporting vs. (Sales) Subsidiary

Exporting



Internationally inexperienced

Small financial resources

Low-end/simple products

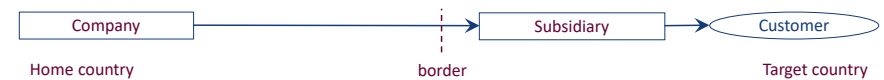
Small market potential/size

High market risks

Large cultural distance

vs.

(Sales) subsidiary



Internationally experienced

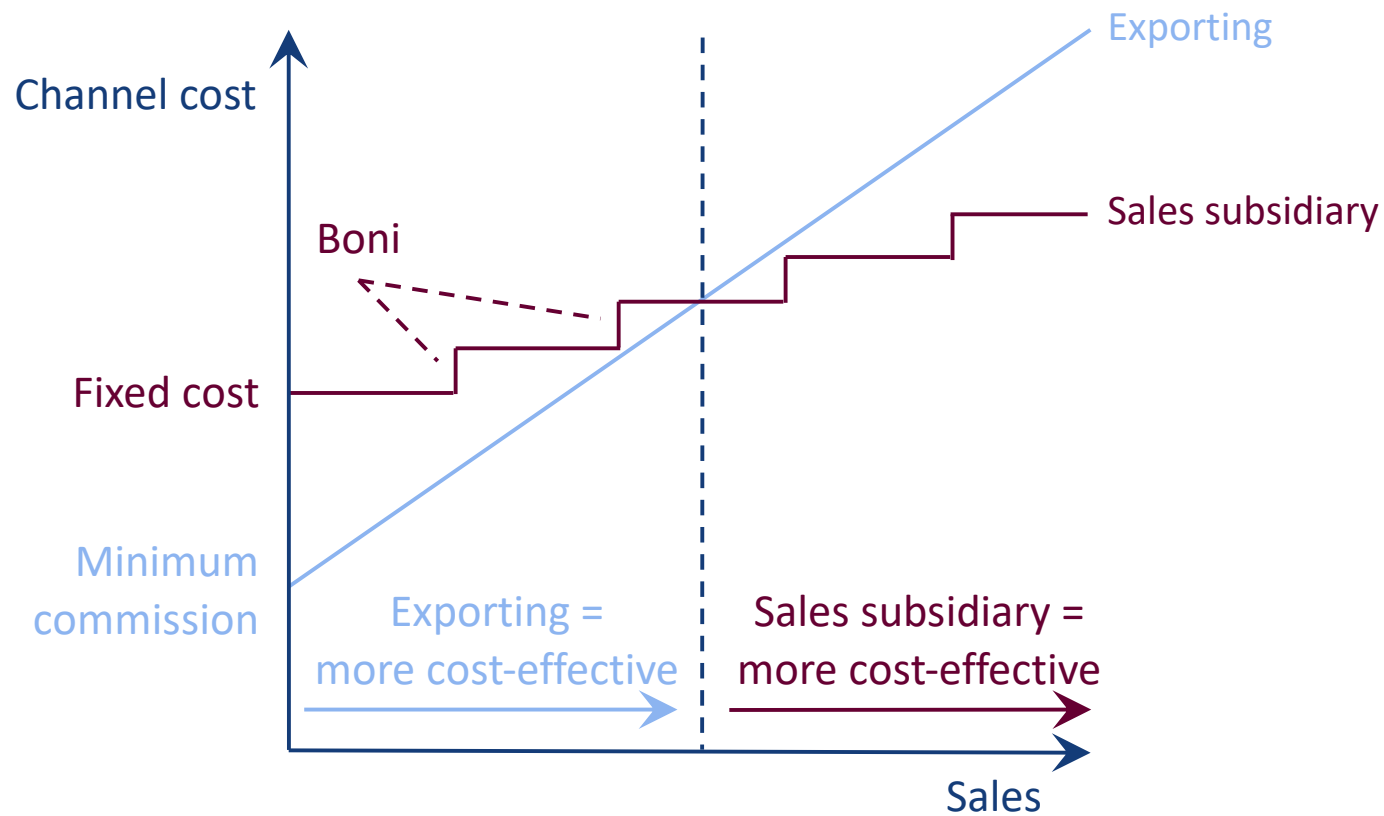
Large financial resources

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Large market potential/size

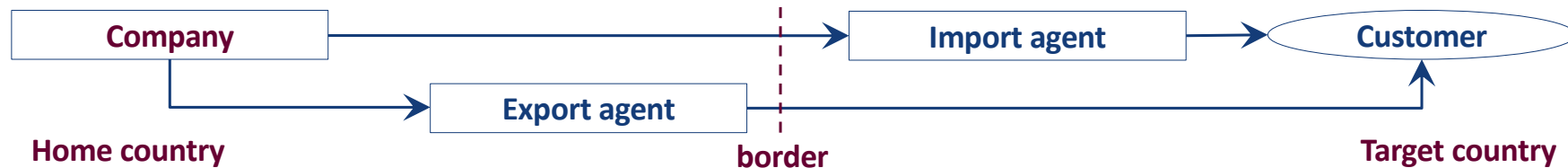
Low market risks

Small cultural distance

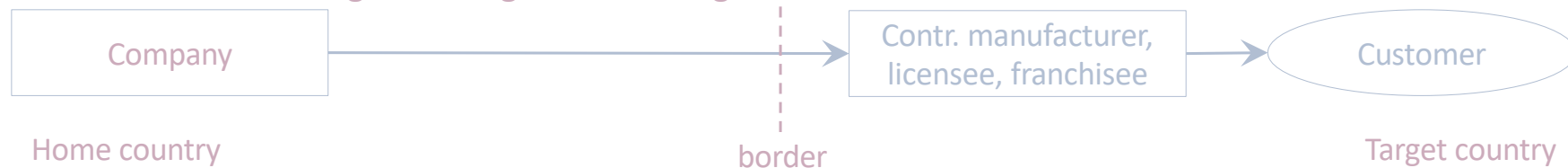


International Distribution Channels

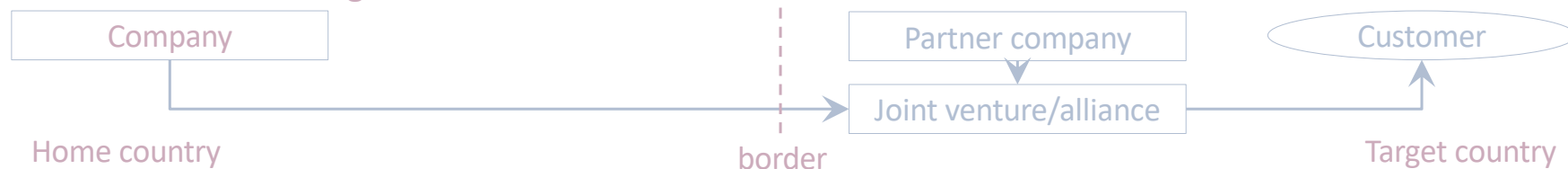
- **Direct & indirect Exporting**



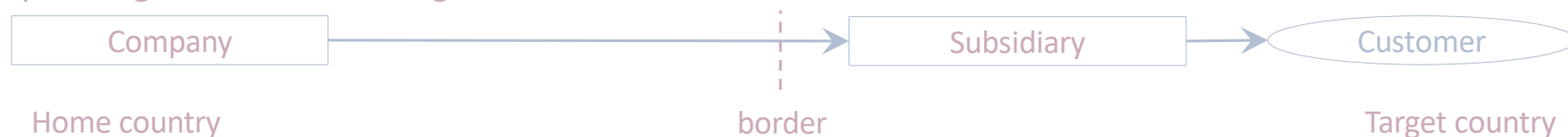
- **Contract manufacturing, licensing & franchising**



- **Joint ventures & strategic alliances**



- **Operating subsidiaries in target countries**



Direct & Indirect Exporting

- Direct exporting



- Indirect exporting

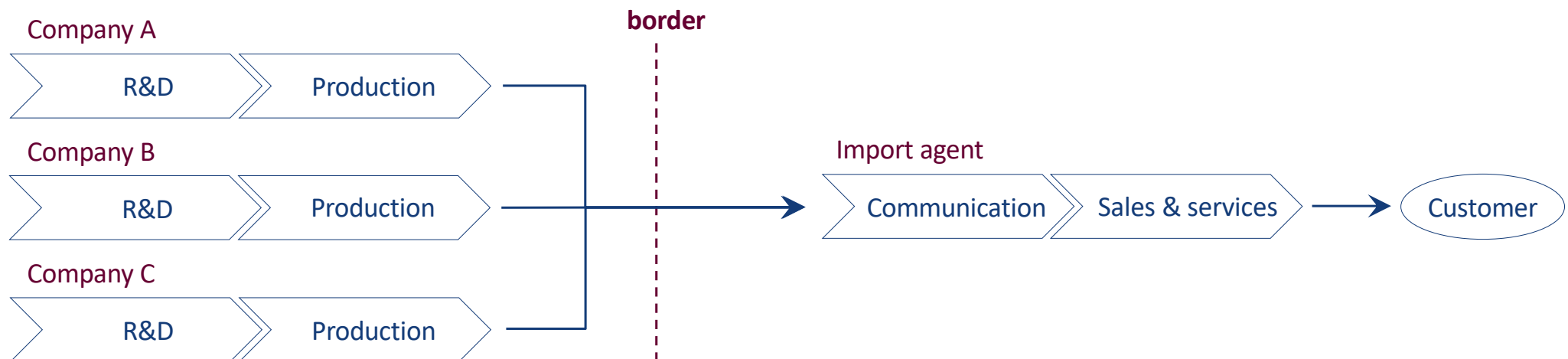


- Main reasons for exporting

- Profitably capturing the demand of a small market
- Avoiding risks
- Mitigating cultural distance
- Limited resources for international operations

Export Co-operations

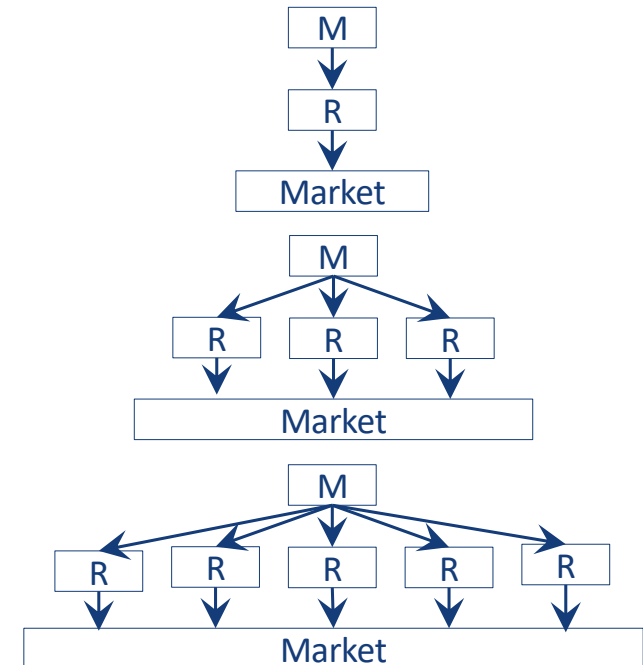
- Export co-operations
 - Companies, which are normally SMEs with limited resources for international operations, use the same export/import agent to facilitate international trade



- Extend of co-operation
 - Loose co-operations
Using the same export/import agent who sells the brands individually
 - Tight co-operations
Using the same export/import agent who relatively freely facilitates all trade operations & sells the exported products under a common brand

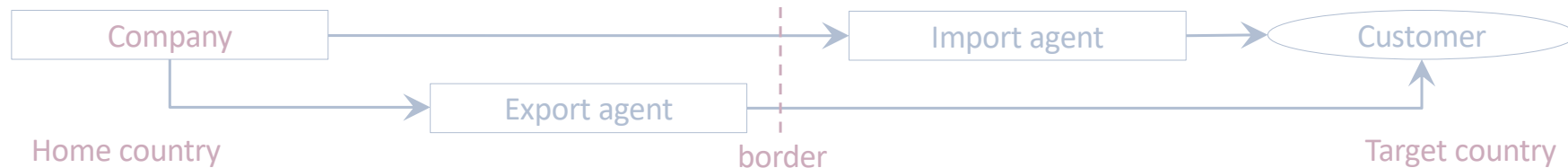
Market Coverage & Selecting Intermediaries

- Distribution channels & market coverage
 - Exclusive distribution
 - Utilising one or very few distribution channels
 - Typically applied to special goods, e.g., exclusive cars
 - Selective distribution
 - Utilising a limited number of distribution channels
 - Typically applied to shopping goods, e.g., apparel
 - Intensive distribution
 - Utilising virtually every available distribution channel
 - Typically applied to convenience goods, like food & beverage
- Selecting intermediaries
 - Effectiveness of intermediary
 - Market coverage of intermediary
 - Resources & competencies of intermediary
 - Efficiency of intermediary
 - Cost of intermediary
 - Willingness of intermediary to co-operate

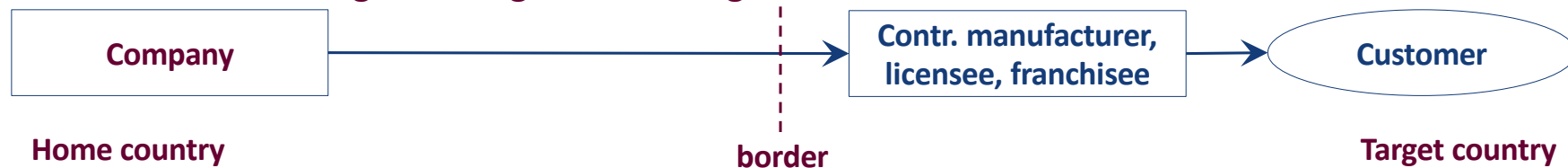


International Distribution Channels

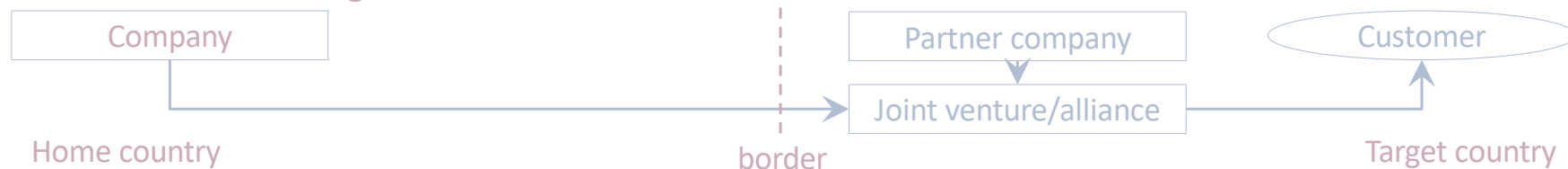
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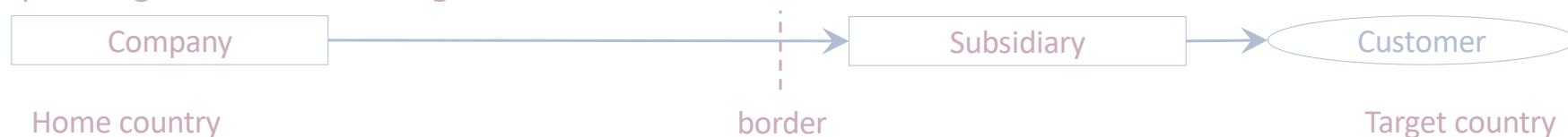
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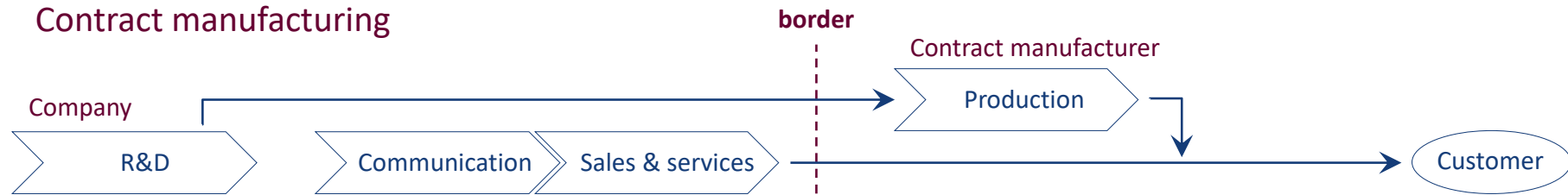


- Operating subsidiaries in target countries



Contract Manufacturing, Licensing & Franchising

- Contract manufacturing



- Licensing



- Franchising

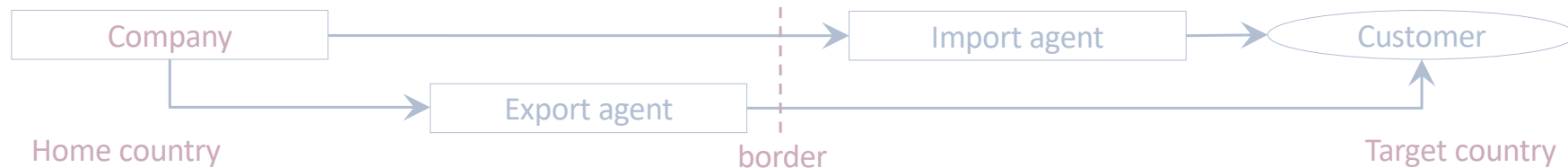


- Main reasons for contract manufacturing, licensing & franchising

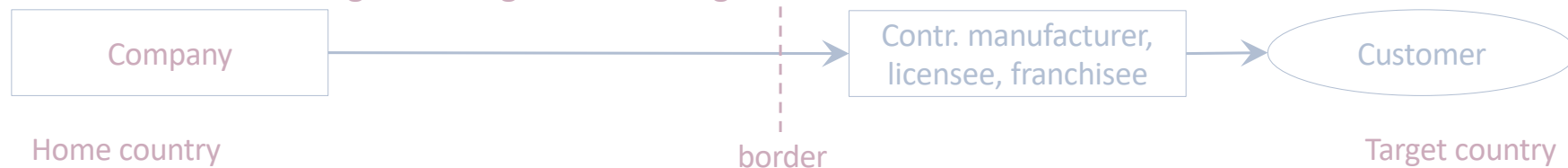
- Utilising low production cost abroad, esp. labour cost, & reducing transport cost
- Concentrating on core competencies
- Circumventing import restrictions & complying with local content requirements
- Mitigating risks by not directly investing

International Distribution Channels

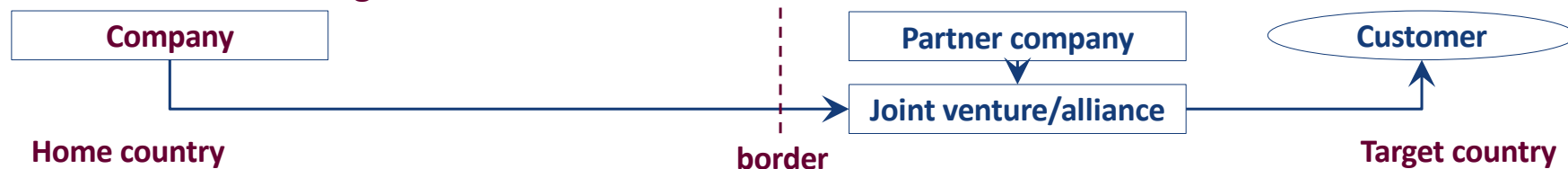
- Direct & indirect Exporting



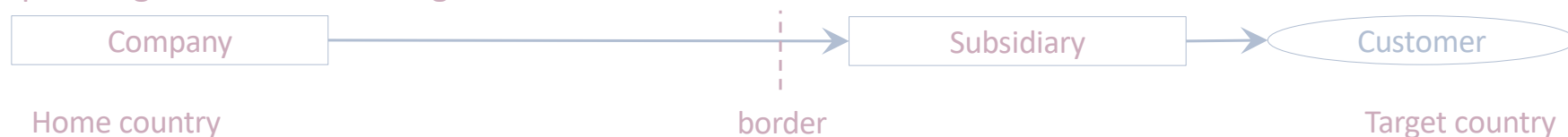
- Contract manufacturing, licensing & franchising



- Joint ventures & strategic alliances**



- Operating subsidiaries in target countries

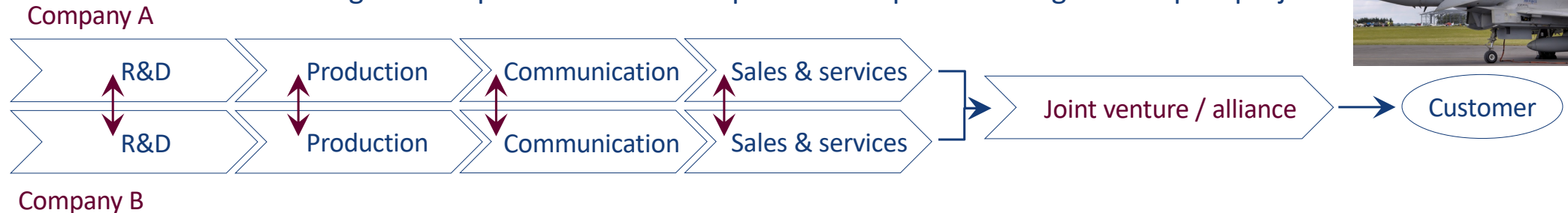


Joint Ventures & Strategic Alliances

- Joint ventures vs. strategic alliances
 - Joint venture: Two or more companies form a daughter company which operates in the market
 - Strategic alliance: Two or more companies co-operate through a contract & jointly operate in the market
- **X coalitions:** Utilising the market knowhow of local partners &/or circumventing restrictions on foreign ownership

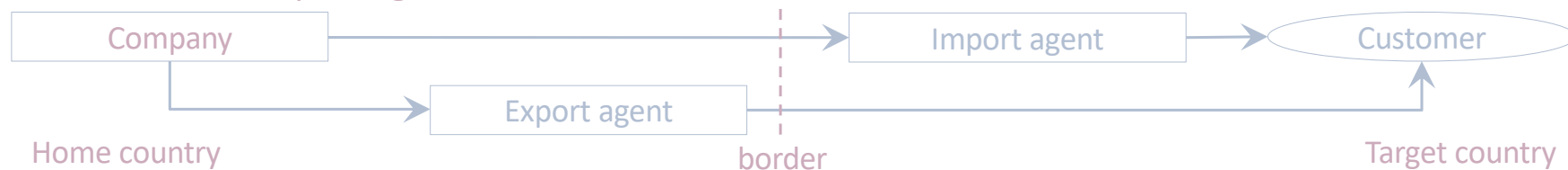


- **Y coalition:** Sharing the competencies & cost of partner companies of large & complex projects

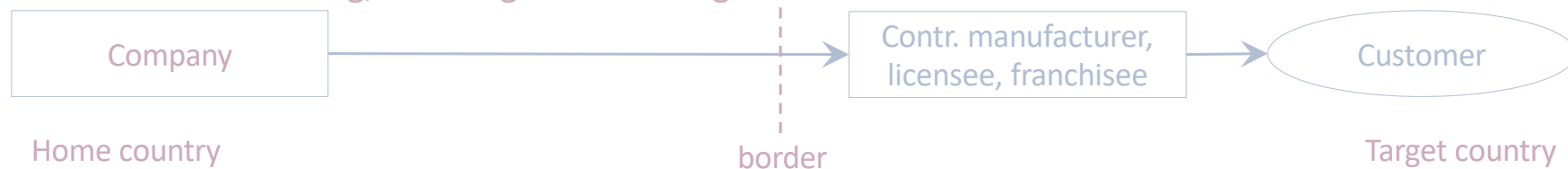


International Distribution Channels

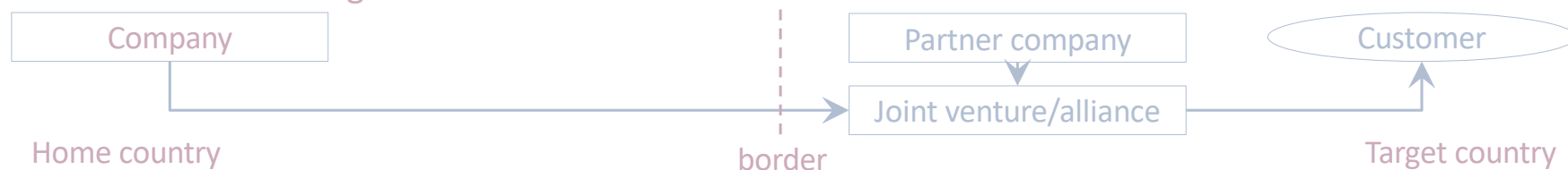
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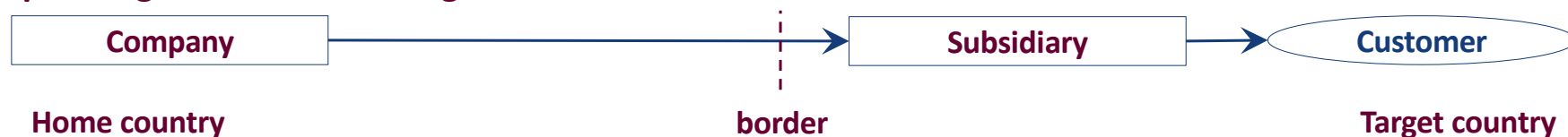
- Contract manufacturing, licensing & franchising



- Joint ventures & strategic alliances

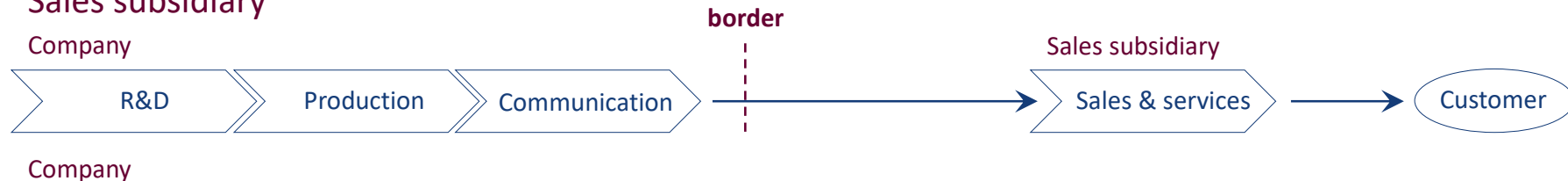


- Operating subsidiaries in target countries**

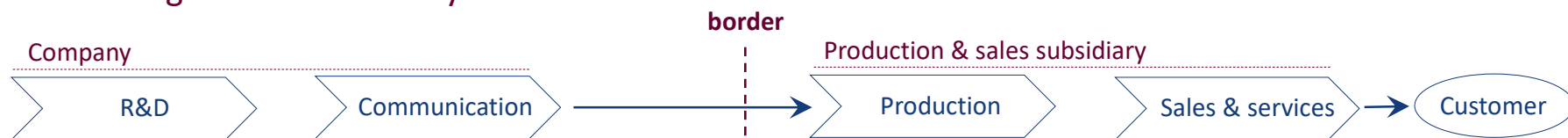


Subsidiaries in Target Countries

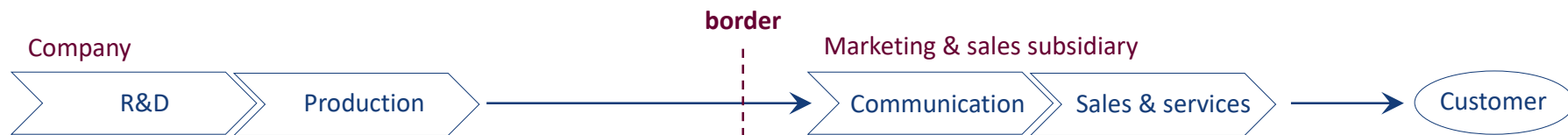
- Sales subsidiary



- Marketing & sales subsidiary



- Production & sales subsidiary (communication can also be transferred to the subsidiary)

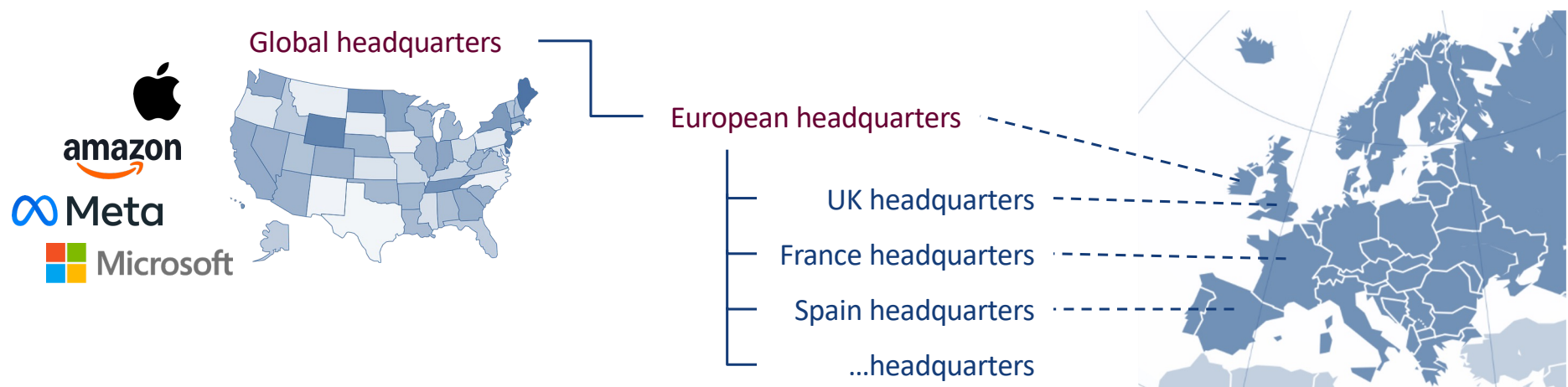


- Main reasons for subsidiaries abroad

- Controlling the entire value chain
- Reducing sales cost &/or production & transportation cost

Regional & Country Organisation of Subsidiaries

- Role of regional headquarters
 - Co-ordinating strategies & operations between global headquarters & country headquarters
 - Co-ordinating operations between country headquarters within a region
- Example
 - Tech companies with European headquarters in Ireland
 - Beware: there are more than co-ordination reasons for establishing regional headquarters, e.g., tax & income optimisation through transfer pricing



Framework Conditions of International Marketing

Segmenting & Selecting International Markets

Creating Value in International Markets

Delivering Value in International Markets

Communicating Value in International Markets

Further Reading

Part I: Marketing Basics

(1) Foundations of Marketing

The fundamental principles of marketing as well as its role within the frameworks of business administration and economics are explained in the first video lecture.



Part II: Strategic Marketing

(2) Segmenting & Targeting

The customer eventually decides if a company is successful or not through buying or not buying its products. Thus, analysing, understanding and selecting market segments for market cultivation forms the foundation of any successful marketing and business approach. After watching this video lecture, you will understand the process of segmenting and targeting markets. This includes psychographic segmenting, demographic and geographic segmenting, determining competitors, and behavioural segmenting and targeting.



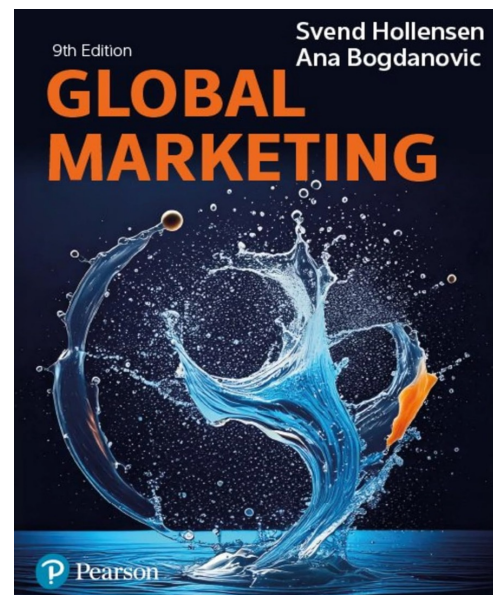
(3) Analysing & planning Business Units

This section is dedicated to the traditional business unit analysis and the respective deduction of business strategies. You will learn how to manage business unit portfolios. Furthermore, you will be introduced to key methods of analysing and planning a business unit:

- SWOT analysis
- Mission statement and business objectives
- Porter's five forces
- Porter's generic strategies
- Intensive growth strategies
- Integrative growth strategies and diversification

Godbersen, H. (2025). Crash Course Marketing – Market-oriented Business Management. <https://godbersen.online/index.php/forschungsgrundlagen/crash-course-marketing>.

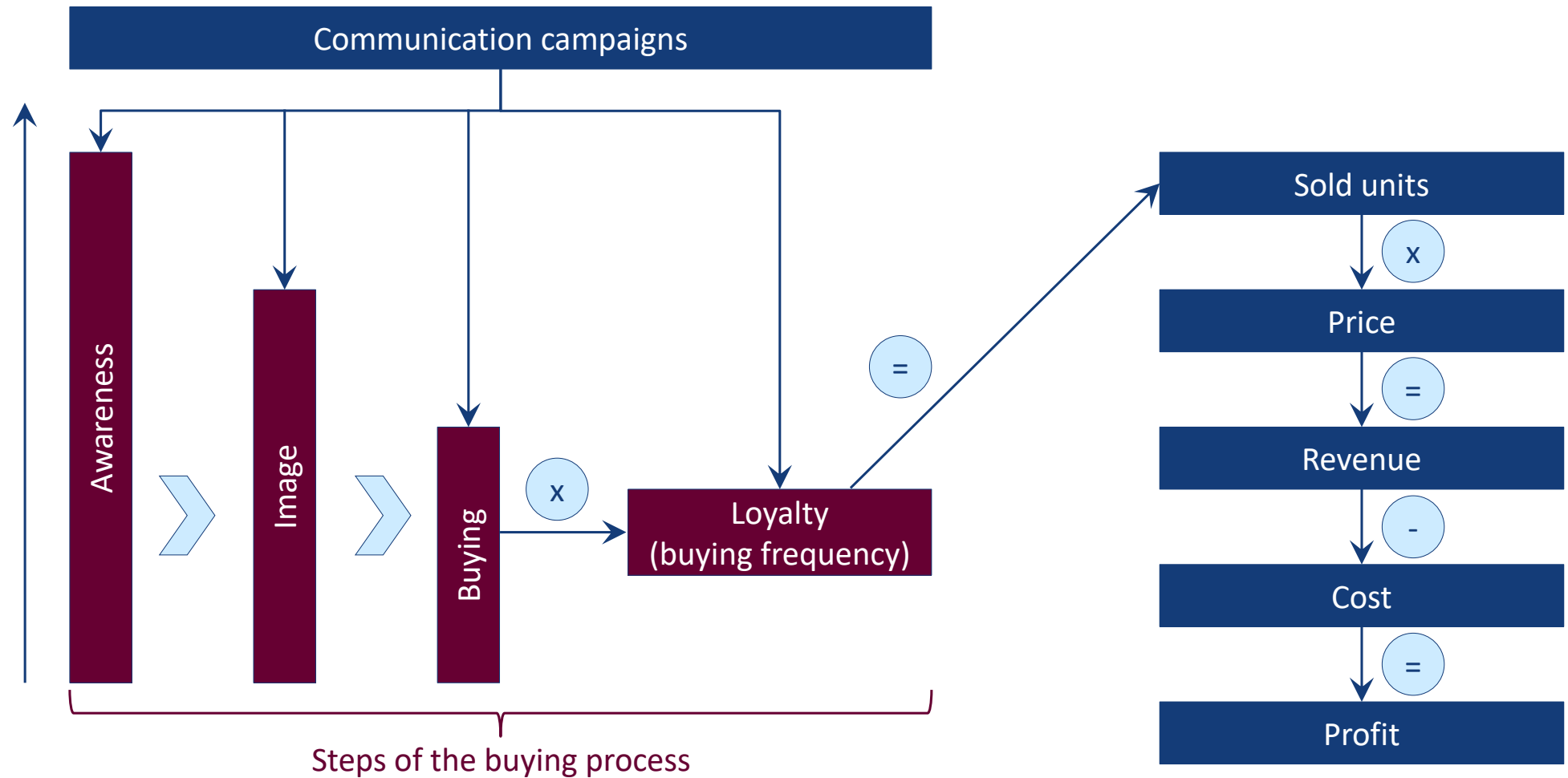
→ Section 9 Communicating Value: Promotion



Hollensen, S. & Bogdanovic, A. (2024). Global Marketing (9th ed.). Pearson.

Communicating Value & Steps of Buying Process

Prof. Dr.
Godbersen



Marketing communication (conventional communication)

- Classic advertising
- Out-of-home advertising
- Sponsoring
- ...

Online marketing

- Website
- Online advertising
- Social media marketing
- ...

Personal Selling

- B2B
- B2G
- B2C
- ...

Guerrilla marketing (unconventional communication)

- Ambush marketing
- Ambient marketing
- Virus marketing

Focus rather on awareness & image

Focus rather on sales & loyalty

Communicating Value: Promotion

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Guerrilla marketing (unconventional communication)

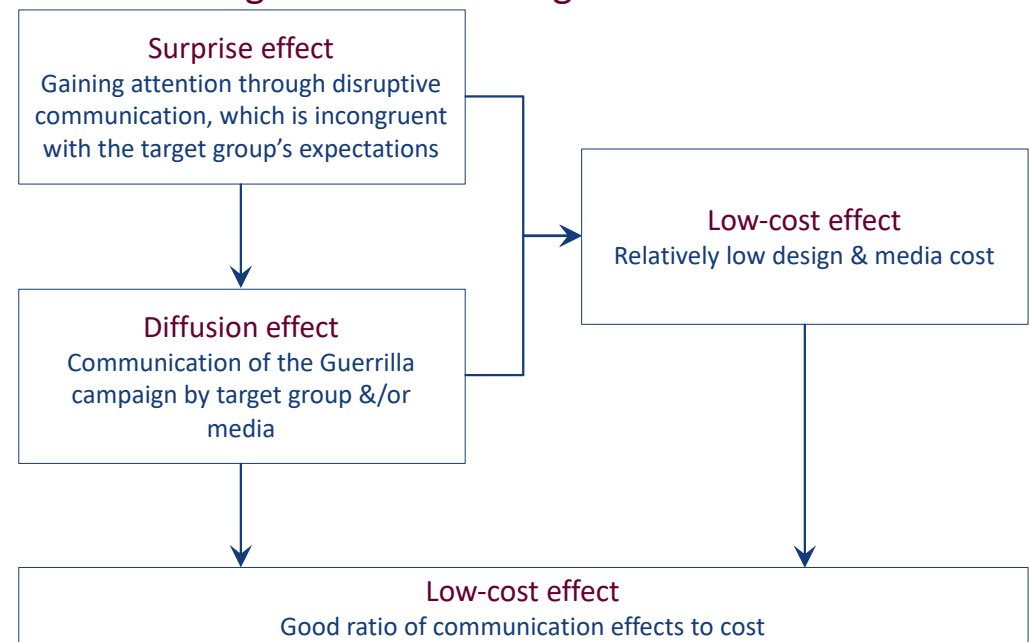
- Ambush marketing
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- Virus marketing

Focus rather on awareness & image

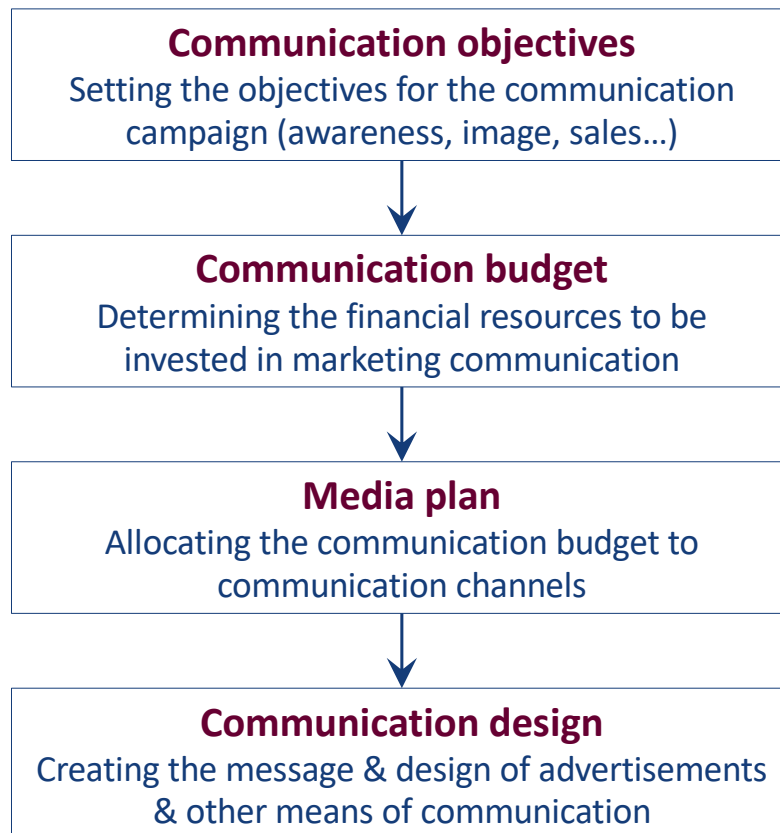
Focus rather on sales & loyalty

- **Conventional marketing communication**
 - Conventional marketing communication entails all (“classic”/non-online) mass communication activities of a company which (more or less) overtly aim to influence the buying behaviour of its target group.
- **Guerrilla Marketing**
 - Guerrilla marketing is a communication instrument that incorporates surprising elements & aims to reach & positively influence a large portion of a brand’s target group at low cost.
- **Online Marketing**
 - Marketing communication that uses internet & social media channels to achieve market reaction.

LSD effect of guerrilla marketing



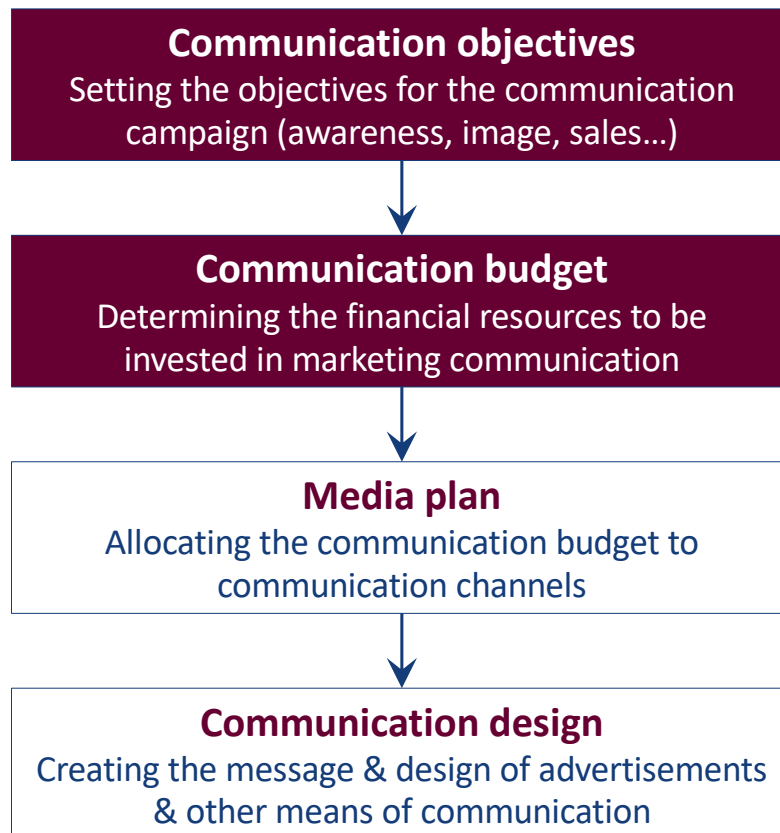
(1) Planning & designing marketing communication according to the company's business objectives



(2) Translating the marketing communication concept into the economic, legal & cultural environment of the target country

→ **Please note:** It is advised to engage media & advertising agencies that are familiar with the target markets

Marketing communication decisions



Major considerations in target markets

Predominantly considering the economic environment & additionally the company's resources & competencies

- Market size
- Purchasing power
- ...
- Financial resources
- Intercultural competencies
- ...

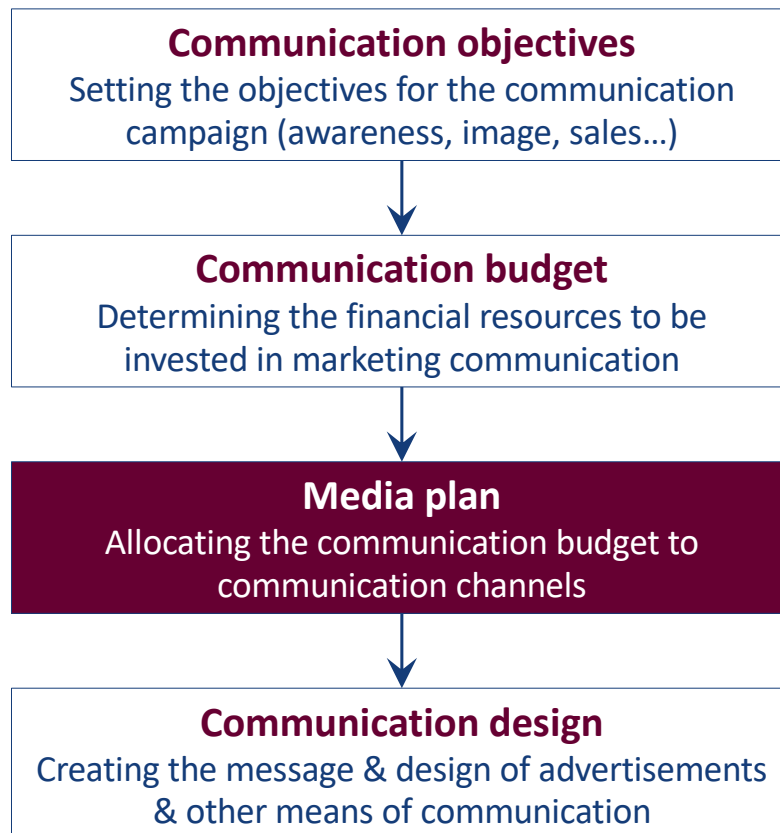
Examples

Country	GDP in millions	GDP per capita
Germany	4,659,929.34	55,800.20
Switzerland	936,564.20	103,669.90
China	18,743,803.17	13,303.10
India	3,912,686.17	2,696.70
Congo, Dem. Rep.	70,749.36	647.40
Malawi	11,008.93	508.40

Year: 2024

https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?name_desc=false

Marketing communication decisions



Major considerations in target markets

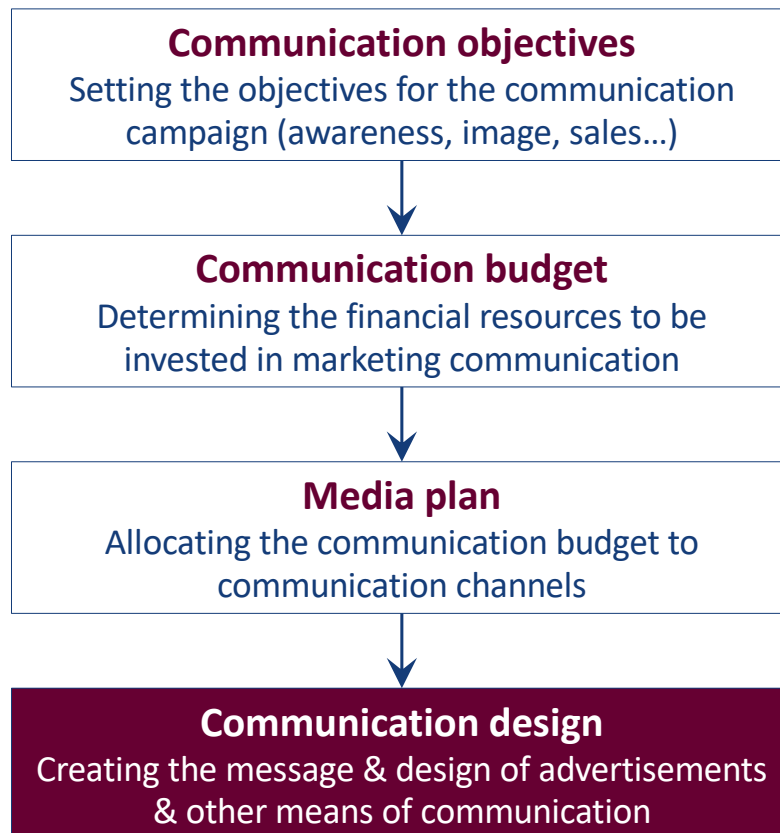
Predominantly considering the economic & cultural environment

- Media coverage & usage
- Attitudes towards media & advertising
- Communication patterns
- ...

Examples

- Literacy rate
 - UK: 99.0% 
 - Chad: 22.3% 
- Restrictions on internet & social media
 - Countries with little to no restrictions, e.g., Iceland, Sweden...  
 - Countries with strong restrictions, e.g., China, Iran...  

Marketing communication decisions



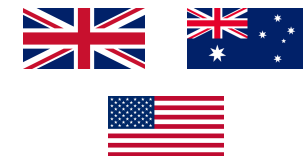
Major considerations in target markets

Predominantly considering the cultural environment

- Language differences
- Norms & values
- Communication patterns
- ...

Examples

- Associations with the colour white
 - Western world: purity, new beginnings, weddings...
 - China: death, funerals, mourning...
- Subtle references to sex
 - Western low-context cultures: accepted
 - Middle East high-context cultures: not accepted
- Synonyms for friend
 - UK / Australia: mate
 - US: buddy, pal



Communicating Value: Promotion

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Guerrilla marketing (unconventional communication)

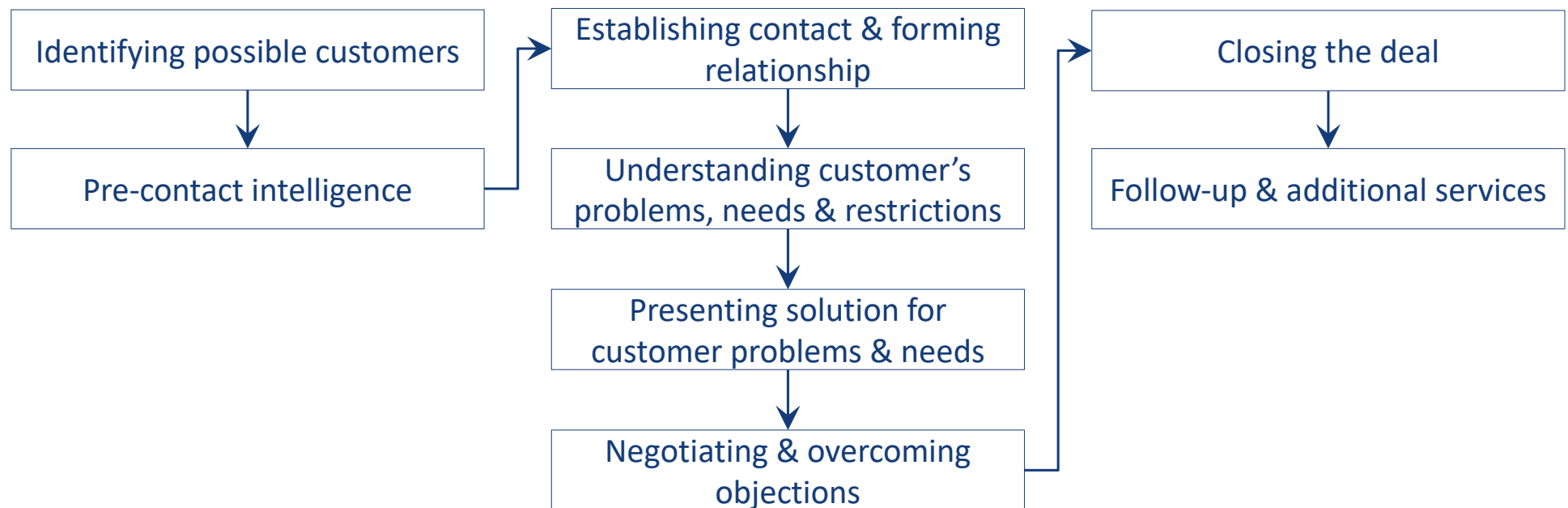
- Ambush marketing
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Focus rather on awareness & image

Focus rather on sales & loyalty

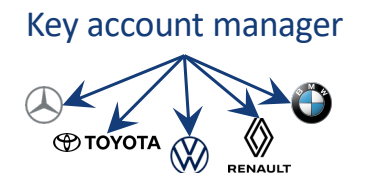
Personal Selling

- Definition of personal selling
 - Acquiring customers, i.e., closing sales deals, & establishing strong customer relationships, i.e., additional services, through the means of direct personal contacts.
- Process of personal selling

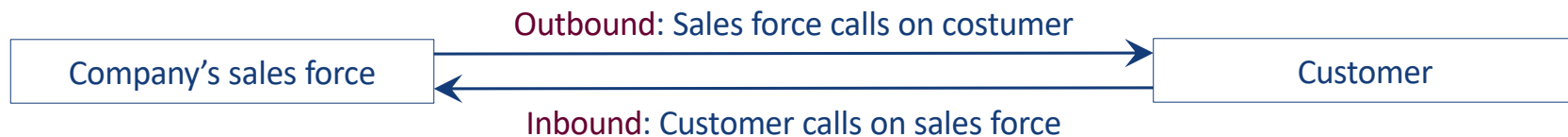


Sales Force Structure

- Dimensions of structuring a sales force
 - Geographic structure
esp. for geographically dispersed target groups
 - Product-focused structure
esp. for complex & non-self-explanatory products
 - Customer-focused structure
esp. key account management for major customers
- Matrix organisation of a sales force
esp. complex & non-self-explanatory products
for geographically dispersed target groups
- Outbound vs. inbound sales

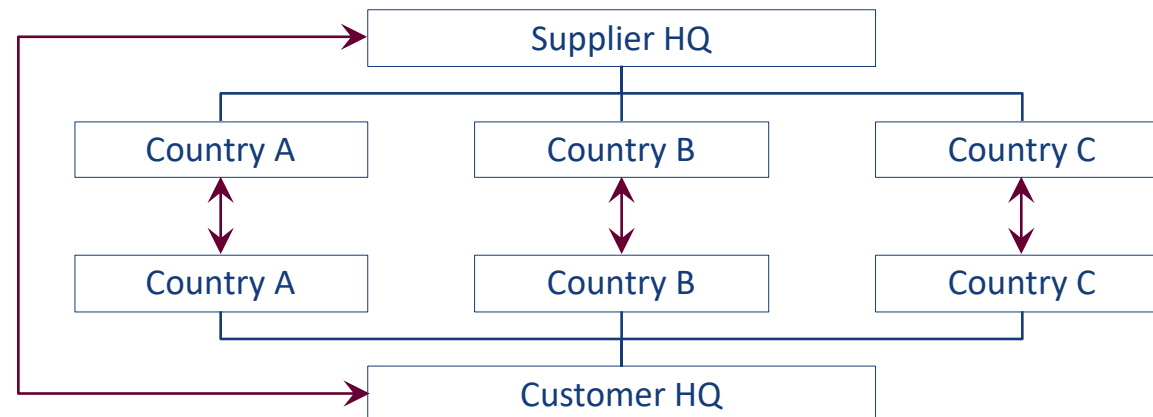
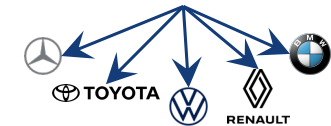


	Region 1	Region 2	Region...
Product 1			
Product 2			
Product...			



- International key account management
 - Individual cultivation of one client with global operations that is of strategic importance to the company (segment-of-one approach)
- Organisational forms of international key account management
 - HQ-to-HQ organisation (centralised organisation; typically, globally standardised products)
 - Country-to-country organisation (decentralised organisation; typically, localised products)
 - Combination of HQ & country organisation (balanced organisation)
 - Additionally, supplier & customer can form teams which co-operate on R&D, business model development etc.

Key account manager



Sales Force Selection

- International sales force selection criteria
 - Customer knowledge, esp. understanding needs & objectives of customers
 - Cultural knowledge, esp. understanding the cultural environment of the target country
 - Social skills, esp. empathy & persuasion
 - Product/technology know-how, esp. understanding benefits of product/technology for customers
- Sales force composition
 - Target country personnel, esp. in countries/markets with a substantially different culture
 - Third country personnel, esp. in global industries & markets
 - Expatriates, esp. for complex products
 - Combination of the afore-mentioned groups, esp. for complex products in culturally different markets

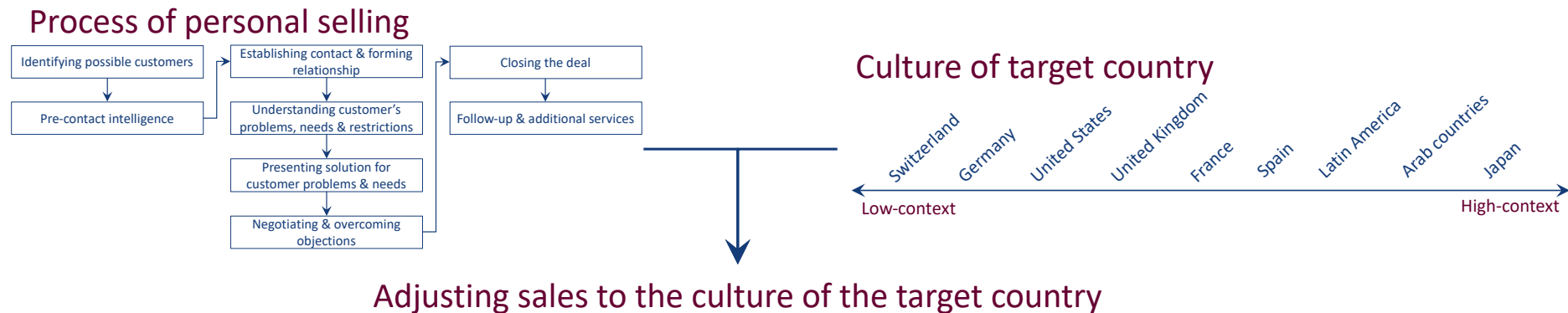
- Phases of expatriate management



- Strategic decision deploying expatriates
 - Managerial & functional need / long-term improvement of company performance at home & abroad
- Selection
 - Functional skills / language skills / social skills / cultural competencies /...
- Training
 - Target country knowledge / language skills / cultural knowledge /...
- Support abroad
 - Financial compensation / connection with global company / day-to-day life / connection with home /...
- Repatriation
 - Adequate position in home country / re-integration in home team / utilising expertise from abroad /...

Intercultural Sales Negotiations

- Personal selling in the context of different cultures



- Self-reference criterion (Lee, 1966)
 - Reference to one's own norms, values & behavioural patterns (often unconscious)
- Elimination of the self-reference criterion
 - 1) Defining the situation, problem & objectives in the framework of the home culture
 - 2) Defining the situation, problem & objectives in the framework of the foreign culture
 - 3) Identifying & analysing the influence of the self-reference criterion
 - 4) Deducing a solution for the foreign cultural context by eliminating the self-reference criterion

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