

German Expansion

Insights for Danish businesses on
how to succeed in the German market
in 2021

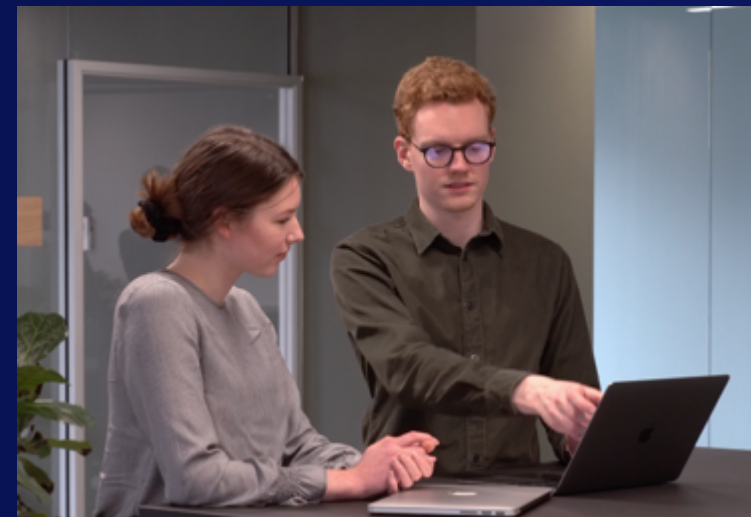




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Founder Commpass56

Welcome to our guide about the hidden factors that come into play when you as a Danish company are expanding to Germany and want to target German audiences.

As a team of native Germans living and working in Aarhus, we have collected our most relevant first-hand insights about the German market for you on the next pages.





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*The German market holds plenty of cultural pitfalls for Scandinavian businesses
– success in Germany requires adaptation and German thinking*



1. Appear as a German company

Germans are more mistrustful when it comes to making business with companies from abroad.

Therefore, it is a good idea to embrace the characteristics of German business culture and adjust the way you present your business to the German audience.

Possible elements that strengthen your position are:

- German website and marketing contents that sound natural and true to your brand's German tone of voice
- Create a German domain (.de or .com/de)
- Have a German phone number and email address
- German-speaking customer service
- Have a German company address
- Establishing a German subsidiary (e.g. a GmbH)

Germany – Quick facts

- Population: 83 million
- Denmark's no. 1 trade partner
- For 2021: expected +7% increase in exports from Denmark to Germany (*Danish-German Chamber of Commerce*)
- GDP pr. capita ca. \$50.000



65,5%

of German employees state that they have little or no English skills
(Gesellschaft für Konsumforschung, 2020)

English proficiency can vary a lot throughout Germany's 16 regions

English skills depend on age: best between age 18-30, much worse already from age 40+

Doing business with Germany requires a native German country manager or native support



2. German language over English

For a successful market entry, it is important to realise that the majority of Germans are not good at communicating in English or consuming English content.

Be aware that English skills in the Nordics cannot be compared with Germany. Most Germans are uncomfortable (of even incapable) of speaking English. That is why German communication with your audience is a must.

These things should be ready in German language once you start reaching out to your German audience:

- Translated websites & landing pages
- Ensure that you have a native German person who can answer German emails and phone calls
- German social media presence – whether you decide to set up separate German accounts or use translation features on your profiles
- A German community manager for your social media



3. Personal data sensitivity

When it comes to their personal data, Germans are very sensitive about providing their information to you as a company. This applies to both foreign and German companies.

As a general rule, you can expect that the older your target group the more sensitive they will be about their data. Common areas where this becomes an issue are online shopping, checkout sites or digital contact forms on your website.

Providing more transparency and explanation than you are legally required to and showing why you need to collect this kind of information is often an effective approach to gain the necessary trust from your German audience to generate leads, subscribers or customers.

Also, giving your audience multiple options to choose from can be a good solution (email / phone / mobile /...)



A look at digitalisation in the German healthcare sector...

93% of German doctors communicate with hospitals using physical paper

15% of German doctors offer online booking for patient appointments

44% of German healthcare facilities exchange medical data digitally

Source: McKinsey.com, 2020



4. Embrace German digitalisation

Digitalisation is a big topic in Germany – but mostly because Germany is lagging behind a lot if you compare it to Denmark.

Seen from a Danish perspective, many technology-related things in Germany are done “the old-school way”. The most important areas to be aware of are:

Payments: Germany does not have anything like Mobilepay. Regular bank transfers and card payment are still the preferred payment methods online. However, PayPal and Klarna are on the rise. In physical stores many Germans still even prefer cash over card payment.

B2B and public sector: You will encounter that many businesses and authorities still use letter mail and fax machines for official communication. Also, public authorities require you to have a physical appointment at their office for matters like company registration.



5. Research media use in your niche

Make sure that you don't just copy-paste your media channel strategy from your existing markets. There are some uniquenesses about Germans and their preferred media platforms.

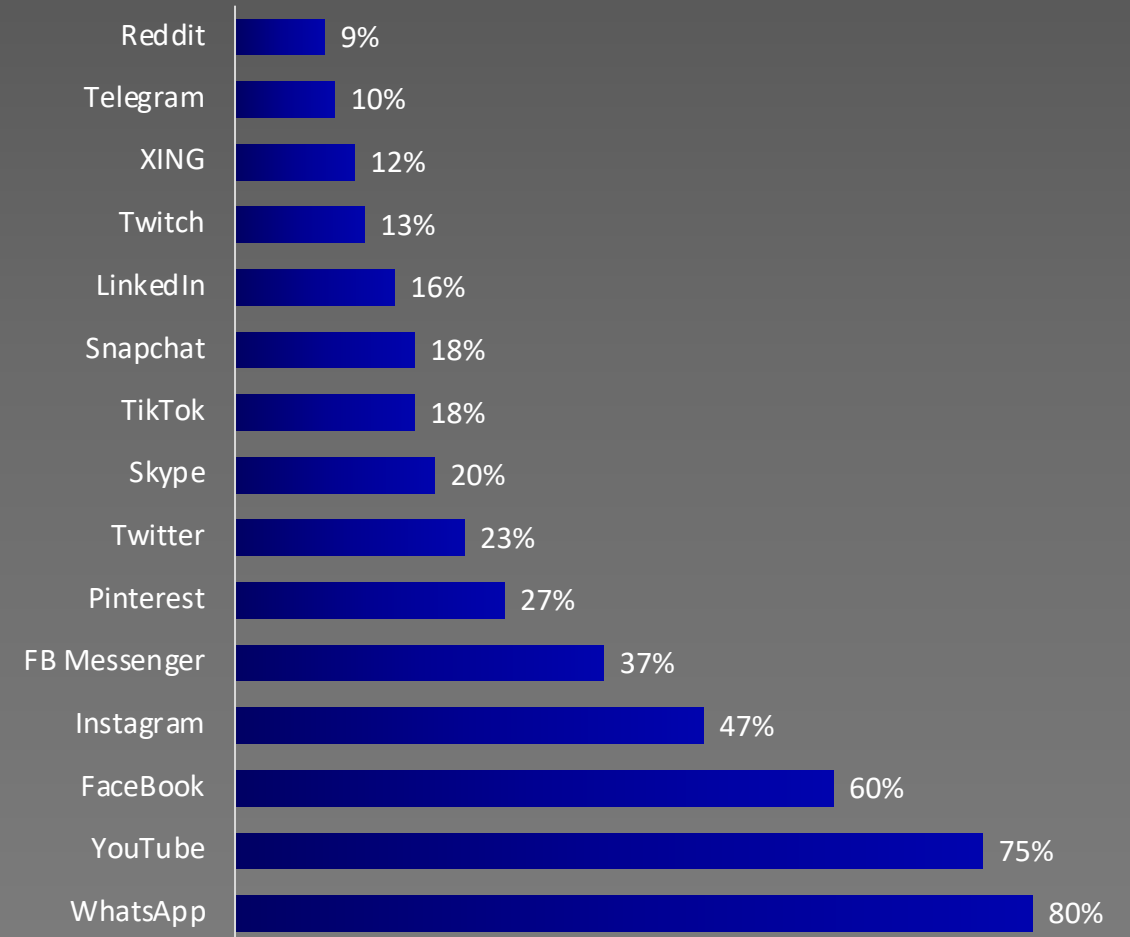
In B2B cases, it's worth it not to limit yourself to LinkedIn but also try out XING which is the German equivalent to LinkedIn.

For B2C, be aware that Facebook is not as strong in Germany as it is in Denmark. WhatsApp and YouTube are still the dominant players, while Instagram is gaining more and more user time.

As in many other countries, TikTok is now becoming more and more interesting for B2C cases in Germany.

Which platforms make sense for you?

Percentage of Germans who have used these platforms in January 2021:



Source: Globalwebindex.com, 2021

“Sie” vs. “Du” – How formal do you have to address Germans?

The question of “Sie” or “Du” is one of the most important when adapting to German culture. This means, whether you address your audience by their first name or last name. Your choice here also implies how formal your tone of communication has to be. It has a strong influence on the framing of all your contents from the very start.

The general answer is: there is no golden rule. It is heavily depending on your industry, your target audience and the image you want to create about your brand. Nowadays, both versions (*Sie* or *Du*) are still fashionable in Germany, however, there is a trend towards the more informal “Du”, especially with young, digital companies. But there are still many industries and niches where using “Du” would be considered a no-go (such as classical banking or B2B).



6. Know the German culture

Looking at Germany through the lens of a Danish business, the mentality of your average German customer audience can be best described as more conservative, old-school and a bit more mistrustful than you are used to from Denmark or the Nordics.

In many cases it will require you to provide more information, proof, facts or details about your product and your company than you are used to from your previous market entries.

Convincing them is all about building a solid basis that makes them feel well-informed, secure and being in good hands when doing business with your company.

Formality levels are another crucial topic. Usually, you will have to communicate with your audience in a more formal way than what you are used to from Nordic countries.



7. Find the right partners

A successful expansion to Germany becomes a lot easier if you get the right partners on board who know the market and culture – preferably as German natives.

While our own speciality is German marketing & communications, we want to recommend you these partners for the key aspects of your expansion process:

- **Strategic advice:** The Danish Trade Council (thetradecouncil.dk)
- **Legal, taxes, administration:** TyskRevision (tyskrevisiion.com)
- **Market & customer insights:** i2D Partners (i2d-partners.com)
- **Best practices & professional network:** Canute (canute.io)



Germany in numbers...

- *Geographical size of Texas*
- *25% of the USA market size*
- *16 federal states – cultural, administrative and legal differences*
- *9 neighbouring countries*
- *80 cities with 100.000+ citizens*



8. Regional differences in Germany

Considering Germany's geographical size, it is not too surprising that it holds plenty of regional differences.

North vs. South: In a nutshell, you can see the Northern part of Germany as being close to Denmark and the most southern part as being close to Austria and Switzerland in terms of mentality. Also, most Danish stereotypes about Germany are more related to the Bavarian area.

Rural vs. Urban: you will usually find a more open, forward-thinking and more international culture in the urban areas. Berlin is still considered Germany's most international, open-minded and most colourful city. If you consider opening an office in Germany, the young and vibrant capital is by now also one of Europe's best locations for expanding start-ups and scale-ups.

With its 9 neighbouring countries and lots of cities located close to international borders, German regions can be strongly influenced from the neighbouring population.



9. German hierarchy structures

Compared to Danish company hierarchies, you will see that hierarchy structures in German companies are a lot more visible and perceivable. In German businesses, the hierarchical levels do not only determine who is responsible for what but also imply how you have to address a person on a certain level in the company's hierarchy. How much official and perceived hierarchical differences there are is also highly dependent on the industry you are dealing with.

Bearing hierarchical differences in mind is especially important when you as a Danish company are dealing with German business customers. When looking for business partners or B2B customers in Germany, the strict hierarchy structures make it important to reach out to the correct hierarchy level for your requests, offerings or proposals.

Otherwise, might get lost in the organisation or not be taken seriously. And, of course, the bigger the German company you are approaching, the more relevant this aspect becomes.





10. How Germans see Denmark

In order to understand others, it is always helpful to know how they see you.

Denmark's reputation in Germany is very good overall. The industry that Denmark is probably best-known for is interior and furniture design. Germans admire the Danish style and also the Danish "way of life" including hygge and the more progressive culture – both in work life and private life.

In some aspects, Germans might even think that Danes live in the future. Especially, when it comes to digitalisation, electrification and the general level of innovation.

In your German expansion, it might therefore make sense to embrace these specific aspects where it makes sense with your business and industry. However, the adaptations that have been listed earlier in this guide should still be carried out (content in German language, a German address, domain, way of approaching your audience, etc.)



Denmark seen from a German perspective



Your Agency for German Strategy & Communications

located in Aarhus C – run by native Germans



*Get in touch for a free consulting meeting for your
German market strategy*



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Client Voice

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"We have had the pleasure of working with the talented team at Commpass56. Our goal was to target the German broadcasters and media market via LinkedIn and Commpass56 has been a key player in laying the first bricks for us in Germany. Not only because of their insights on how to approach Germans in general but also because they are able to provide valuable sparring on content and distribution channels. I would definitely recommend working with Commpass56 anytime if you are looking for a qualified and professional entry to the German market."



Asger Rasmussen

CEO & Co-Founder of Klipworks

