



GOING GLOBAL **EXPORTING TO GERMANY**

A guide for clients



Capital
Berlin



Population (31.03.2017)

81.3m



GDP Per Capita

€46,974



GDP Growth

1.9%



Unemployment

4.1%



German exports
increased in 2016 by

€97.4bn



Predicted economic
growth for 2017

1.9%



WHY EXPORT TO GERMANY?

Germany is Europe's largest economy and the fourth largest in the world. Its economy is expanding, estimated to grow by 1.9% in 2017. Germany's population of 81 million - some 20 times larger than Ireland's - is enjoying record-low unemployment and rising wages.

Though it is a mature market, it is one that has proven welcoming to Irish companies with innovative products and services.

In fact, Germany is Ireland's second largest market for services exports, and Ireland's fourth largest market for merchandise exports. And they know us - Germany is Ireland's third largest tourism market and the second largest source of inward investment.

For Irish exporters, Germany offers the twin benefits of zero currency risk and close geographic proximity, accessed via several main city airports.

For all these reasons and more, Europe's powerhouse represents an opportunity on Ireland's doorstep that, particularly in light of Brexit, is simply too great to overlook.

Almost 500 Enterprise Ireland client companies sell into Germany, so why aren't you?

Germany is comfortable with international trade, as befits the world's 3rd largest exporting nation. Indeed, German exports increased by 6.3% in the year to December 2016, to a value of €97.4 billion.

Its economy is the largest in Europe and constitutes almost one third of the Euro Zone, accounting for around 20% of EU GDP. Having experienced a downturn in 2009 in the aftermath of the financial crisis, the German economy recovered quickly and has performed relatively well since - a sign of its solid foundations.

The German economy is expected to grow by 1.9% this year, its fastest level in five years. It's a performance underpinned by a strong jobs market that is supporting consumer spending. Public spending is predicted to grow too. Unemployment (at March 2017) stands at 4.1% of the labour force according to OECD data, with employment levels at a 25-year high.

It's a market that is familiar with Ireland. Germans have long had an affinity for Ireland and there is a strong cultural interest in Irish literature and music, as evinced by the fact that Germany is the 3rd most important holiday market to Ireland, and the most important one on mainland Europe.

Some 630,000 visitors from Germany came to the island of Ireland in 2015, making Germany one of the best performing markets for that year, while CSO figures show continued growth in that market, up 4.7% from January to September 2016.

Total bilateral trade between Ireland and Germany is estimated at approximately €25 billion. Germany is Ireland's 4th largest merchandise trade partner, with total merchant trade in 2016 of €14.5 billion, of which Irish exports to Germany account for €7.8 billion.

Germany is the 2nd largest destination of Irish services, with service exports of €9.5 billion in 2015.

Germany is also the 4th largest market for indigenous Irish goods, with total trade reckoned to have breached the €1 billion mark in 2016.

Germany is also the 2nd largest source of Foreign Direct Investment in Ireland, after the US, with 96 German companies - including SAP, Deutsche Bank, Allianz and Liebherr - employing more than 12,000 people in Ireland.

Those links work both ways too, with around 60 Irish indigenous companies employing more than 14,000 people in their operations in Germany, including CRH, Smurfit Kappa and Glen Dimplex.

Germany is the 3rd largest source of visitors to Ireland, after the US and UK, with over 630,000 German visitors recorded here in 2015, up 13% on the previous year.

And it is the 6th largest export market for Irish food and drink, accounting for revenues of almost €600 million in 2015. Indeed, Ireland is in the top three countries of origin for beef consumed in Germany, a trade worth almost €120 million to Ireland each year.

One of the world's top three exporting nations, after China and the US, Germany is estimated to account for 10% of world trade. It is also Ireland's third largest export market for non-food items.

Enterprise Ireland's mission is to help Irish exporters to even greater success there. And the augurs are good. Even before the Brexit vote, Irish companies were increasingly accessing the German market. Enterprise Ireland client company exports from Ireland to Germany in 2015 totalled €928 million, up from €838 million in 2014, a growth rate of 11%. With uncertainty hanging over Ireland UK trade, there has never been a better time focus on the giant German market.

Sectoral strengths for success

- Germany is the leading industrial nation in automotive, life sciences, agri-tech, software and engineering services.
- 1st in Europe and 5th in the world for dairy production.
- 1st in Europe in the semiconductor industry
- 1st in Europe for construction investment, valued at €280 billion annually, with 20% of its investments in the EU.
- The largest financial services sector in the Eurozone.
- 2nd largest European online retail market.
- 3rd largest med-tech market in the world.
- 3rd largest spender in the world on travel.
- Leads the way in renewable energy, with 34% of its energy consumption coming from renewable sources, 80% by 2050.
- Enterprise Ireland clients exported €928 million in goods and services in 2015, up 11%

Key growth opportunities

Germany is the third largest **medical device** market in the world and one of the largest manufacturers of **pharmaceuticals** and **biologicals** worldwide.

Irish companies are successfully tendering for construction and project management projects in Singapore, Russia, India, Netherlands, UK, France, Africa and China, all through **partnering with German companies** such as Voith, Siemens, M&W, Uhde and ABB.

Germany is the second largest market for **datacentres** in Europe, offering opportunities for Irish **construction and engineering** companies to win building projects in Germany.

Germany controls 14% of the global market for **construction and material handling equipment**. Irish companies are successfully targeting this sector, worth an estimated €15.8bn.

One small step, one giant stepping stone

Successfully selling into the German market earns you credibility internationally. Apart from being a large market in its own right, Germany is a gateway to many other international markets, by virtue of German companies' strong exporting culture – the country is the world's third largest exporter.

Having German reference customers and/or German certification for your products helps build international credibility and enables you to win business in other markets.

Entering the supply chain of an export-orientated German company can open international opportunities too. Irish companies that have successfully worked with German multinationals and been accepted into their supply chains have often found that this can be leveraged to enter their German customer's international supply chain.

So, as a strategy to internationalise your business, gaining a foothold in Germany can be an extremely useful first step to selling your product or service around the world.



Gaining traction in Germany

Forklift truck maker Combilift made light work of cracking the German market.

Established in 1998, the Monaghan based manufacturer targeted Germany just one year later. Today it has a turnover of €200 million, employs 440 people and exports to 75 countries. Germany is its second largest export market, accounting for 10% of total sales.

“We have found that the German market has been the easiest to enter and get going and grow in,” says managing director Martin McVicar. “The reason is that companies there are very analytical and open to innovative products when they can see a visible benefit, for example, that the product will make them more efficient.”

Combilift’s innovation was a multidirectional forklift truck that could move sideways as well as back and forth, allowing it to handle long products such as timber in a small space. Nothing like it had been seen in Germany before.

McVicar’s team targeted specific companies and industries in Germany, making sure to get the distribution strategy right. Enterprise Ireland’s overseas office in Germany helped connect the company with customers and distributors.

Having a long-term plan and showing clear commitment to the market are among the most important criteria for success in Germany, according to Eddie Goodwin, Germany manager at Enterprise Ireland.

“Combilift recognised from early on that it was important to take a local approach and look at the country on a federal or regional basis,” he says. “This meant having a number of distributors in different parts of Germany and hiring people on the ground with language skills to manage the distributors and also develop the business. German companies are willing to take a chance on new entrants if the offer is good enough.”

For more see <https://ambition.enterprise-ireland.com/>

GET READY TO DO BUSINESS IN GERMANY

Germany is a mature market with well-entrenched domestic and international suppliers, so you will need to research the market thoroughly to identify a niche. You will also need to assess competitors, both local and international.

The German preference for sticking to the 'tried and tested' can present opportunities for innovative solutions, because incumbent suppliers may have become used to seeing their customer's problem in a particular way.

Germans will make allowances for the *Ausländer* (foreigners) but beware of the assumption that everyone in Germany speaks good English. Many business people do indeed have a good grasp of the language but will not necessarily wish to or feel comfortable negotiating a deal or talking through a problem in English.

To be most effective in the market, your sales teams will need fluent German speakers and all of your sales, marketing and promotional literature should be translated into German. When it comes to discussing technical details, Germans are far more comfortable doing so in their own language.

Achtung!

Germany is a market with exceptionally high customer expectations of quality and service delivery.

The more you can do to prove you are committed to the market over the long term, the more likely Germans will be to trust your company.

German business people will take you at your word so when it comes to deadlines, be realistic. Far better to push out a deadline than to compromise on quality.

Decisions are made by consensus within the organisation and not by the person at the top.

As a mature market, you'll need highly differentiated products.

Expect differences in taste, customs and practice within its various states.

Contracts in Germany go into great detail. Equally, detailed documents and product specifications are highly valued.

German industry is frequently subject to sector-specific regulations, standards and norms. Research these properly before entering the market. German organisations often require a higher standard than EU or international norms.

Getting to grips with the language

Alles in Ordnung is often translated as 'that's fine' but a more accurate reading is 'everything in order' a desire for clarity, method and procedure. Germans will be won over by rational arguments that appeal to logic.

Verlässlichkeit, or reliability, is key. German business culture is risk averse. It is not an early adopter market. Your product or service should be proven in other markets and with other customers. Any claims you make around the superiority of your offering must be backed up.

Pünktlichkeit, or punctuality, is considered highly important and being late is unacceptable.

PreisLeistungsverhältnis means value for money. Germans have a reputation for being price-sensitive but in a business context, it includes expectations for quality, certification and after-sales support.

Make a show of yourself

Germany is the world's number one venue for trade shows – a primary form of B2B communications. There are close to 150 trade fairs there every year, approximately two-thirds of the global total.

Frequent attendance at important trade shows in your sector over a 12-18 month period is advised – Germans will want to see that you are serious about the market.

Trade show stands are a good place to play the Irish card with Irish-themed hospitality which can be effective in Germany.

Routes to Market

- **Commercial agents:** Working with a commercial agent or distributor can reduce the risks for an Irish company by providing a presence on the ground
- **Distributors:** As the market in Germany is so mature, your product is likely to be one of several similar offerings and a nationwide, broad-based distributor will need a major incentive to promote yours over that of an indigenous or incumbent rival. Consequently, the largest distributor isn't necessarily the most suitable for your product – smaller niche players may be the way to go.
- **Selling online:** Germany's online market is very highly developed and could prove to be a useful channel. Be aware, German sites don't always accept credit cards. Ensure your site is equipped for alternative payment forms.

Get the memo on meetings

Speculative meetings are not encouraged.

If you get a meeting with a German prospect, chances are they are interested.

Meetings begin and end on time, and follow an agenda

Negotiating style is cooperative, aimed at an outcome satisfactory to both parties.

Little meeting time is given over to small-talk, get to the point quickly using direct, clear, logical language.

Back up your claims.

Germans are generally forthright, and expect the same from a potential supplier. It's perfectly acceptable to ask your prospect who will be attending, and what outcome your host expects from the meeting.

Buying decisions are reached collaboratively among several layers of staff and management in medium and large German organisations, so expect longer lead times for sales and don't try to circumvent this by going to the top, it won't work.

Geography

Germany has a highly decentralised structure, and is divided into 16 Länder or Federal States. From a business perspective, it has no centralised capital equivalent to a Paris or London. There are however sectoral strongholds, such as Frankfurt for banking and finance or Düsseldorf for fashion. Many of Germany's leading car manufacturers are based close to Stuttgart and Munich. The capital, Berlin, is the centre of Government and houses many technology start-ups. It's a good testing ground for consumer goods too, thanks to its population of 3.8 million people.

ENTERPRISE IRELAND CLIENTS PERFORMANCE IN GERMANY

€928m

Enterprise Ireland
client exports from
Ireland to Germany in
2015 – up 11%



12,000

number of people
German companies
employ in Ireland



14,000

number of people Irish
companies employ in
Germany



440

Irish companies
actively exporting to
Germany in 2015





Engineering success in Germany

Serious commitment brought German success for Burnside Autocyl, a Carlow based maker of hydraulic cylinders.

Before targeting the market in the early 1990s, founder Paddy Byrne, brother Anthony and daughter Caroline Kelly went to night classes to learn German.

Today there are a number of German speakers at their headquarters in Tullow, Co Carlow in addition to an office in Geldern in Germany which it opened in 1992.

“Although most business people in Germany speak English, they prefer to have the option of dealing with suppliers in their own language,” says Kelly.

“The fact that we learned the language was a good symbol of our commitment and showed that we were prepared to make a monumental effort to make it easy to do business with us.”

Today the group, which was established in 1974, employs 750 people and sells around the world. But Germany accounts for 40% of its sales.

“Burnside Autocyl is still working with companies that it first started selling to in 1990,” says Heike John, market adviser at Enterprise Ireland’s Dusseldorf office. “There have been changes in these companies over this period, with many becoming more

international, for example. Burnside has accompanied its customers through these changes by working intensively with them and consistently showing a willingness to stay relevant as a supplier.”

Caroline Kelly’s tips for success in Germany

- Be confident about your product or service before going into the market. Get feedback from market experts and existing players in Germany on your product – Enterprise Ireland can help to arrange this.
- You need to convince potential customers in Germany of the three C’s – that you are capable, competent and committed – and able to interface with them on all levels. Many companies are good at selling, but not so many are good at both selling and supporting clients on a technical level.
- When you are lucky enough to win German customers, mind them like gemstones. They are hard to win so you don’t want to do anything to lose them. Try to exceed what they might expect from suppliers on their own doorstep.

HELPING YOU WIN IN GERMANY

Diversifying into Germany may prove a winning strategy for Irish exporters, says Eddie Goodwin, Enterprise Ireland manager for Germany.

“Entering any new export market is a big strategic decision. The most important consideration is the market opportunity for your particular product or service - the size of the market, the scale of the opportunity and its fit with your offering,” he says.

Given its size, stability and geographical proximity, Germany makes a compelling option. “Germany is the 4th largest economy in the world and for Enterprise Ireland clients with a vision to be a world or European leader in their niche they must be successful in Germany,” says Goodwin.

“Germany has become the powerhouse of the EU and is becoming increasingly more influential on the world stage. Its increasing political and economic strength and stability should prove to be a considerate incentive for Irish companies thinking of exporting to a new market,” he says.

“There is no currency risk and it offers ease of access via several main city airports, with direct flights to Dusseldorf, Berlin, Frankfurt, Cologne, Hamburg, Munich, Stuttgart as well as local airports like Hahn and Weeze. German culture is very accessible for Irish clients and entering the supply chain of an export-orientated German company can open up further international opportunities, as Germany is the third largest exporter in the world.”

German “mittelstand” companies (mid-tier or SMEs) have developed early and strong links into Asia which present a major opportunity for Irish companies partnering with German companies to piggy-back on their channels into the East, he says.

Moreover, German reference customers and/or German certification builds international credibility and can help companies win business in other markets.

But in a mature market like Germany, standing out from the competition is key, he says. “Know where your company stands in relation to your competitors and be clear about what your advantage is.”

Before you go...

The Market Landscape - What is the size of your target market? Is it dominated by a few strong players or fragmented with many small competitors?

Market Trends - What are the current market trends for the sectors you will be targeting? If there is an obvious gap in the market, find out why: it may exist for a reason.

Target Market - How does your target market make buying decisions? Who are the relevant decision-makers - what are their job title and responsibilities?

Market Segmentation - Who are your most probable customers, where they are located, how and what else do they currently buy, who are their influencers and what ‘need’ are you fulfilling?

Market Competition - Who are your rivals in the market and how do their offerings compare with and differ from yours? It is common that when Irish companies start researching the German market they discover competitors they never knew they had.

Market Research Resources - Being abreast of local market trends, especially in your sector, will help enormously when it comes to building your knowledge about the German market.

*Enterprise Ireland's **Market Research Centre** offers client companies access to market intelligence in the form of company, sector, market, and country information to explore opportunities and compete in international markets.*

See www.enterprise-ireland.com/en/Export-Assistance/Market-Research-Centre/ for more information on the market research facilities available, and for a database of sector-specific information that will indicate whether there is research available for the market you wish to target.

After you get there...

As a first-time entrant to the German market, your brand may be totally unknown. To build market presence as efficiently as possible, take an integrated approach to marketing including:

Hard copy corporate marketing materials are an important way of establishing your credentials and are useful sales tool at trade fairs. They must be translated into German and should include an overview of your product or service, contact details and, if possible, a significant customer endorsement.

Company website must be updated to accommodate international enquiries and sales, as well as being an online brochure. Have a German language landing page with news relevant to the German market and localised functionality, such as the inclusion of an impressum, or imprint. For any business marketing to Germany this is a mandatory page accessible from the front page of website which provides your company details. Where possible, set up a .de domain, and use localised search optimisation and search engine marketing techniques.

Social media is a good way of building up a network in Germany. Get active on XING (www.xing.com), the country's business network of choice, with close to 12 million members. Germany's preferred alternative to LinkedIn, XING is home to around 50,000 groups focused on a range of industries and niches.

Helping you succeed in Germany

Enterprise Ireland assists clients entering new markets with

Pre Visit Support

- Sector overview
- Validation of the opportunity for your product or service
- Evaluation of your market entry strategy
- Suggested channels to market
- Competitor analysis
- Relevant contacts/suggested itinerary

In-market support

- Introductions to buyers and decision makers
- Identification of potential partners
- Facilitating buyer visits to Ireland
- Assistance with product launches and workshops
- Securing reference sites

International trade events

- Inward buyers' missions to Ireland
- Group stands at international trade fairs
- Overseas trade missions
- Market study visits
- Client knowledge seminars
- Networking events with market contacts

Additional supports

- Access to translation and interpreting services
- Introductions to specialists in all areas, including legal, recruitment, PR and taxation

Access to mentors

Enterprise Ireland has also built up an excellent network of individuals in Germany who are available to work with Irish client companies looking to develop their business. It includes market and sector specialists, business accelerators and members of Irish business associations.

KEY OPPORTUNITIES FOR IRISH COMPANIES EXPORTING TO GERMANY

1st

in Europe and 5th in the world
for **dairy production**



1st

in Europe in the
semiconductor industry



1st

in EU for **construction investment**



Largest

financial services sector in
the Eurozone



2nd

**largest European online
retail market**



3rd

**largest med-tech market
in the world**



3rd

**largest spender world-wide
on travel**



34%

of **Energy consumption** is
renewable with a target of 80%
by 2050



GERMAN / IRISH BILATERAL TRADE

€25bn

German/Irish Bilateral trade



4th

**largest merchandise trade
partner** for Ireland



€14.5bn

merchandise trade with
Germany in 2016



2nd

**largest destination of Irish
services** with exports of €9.5bn
in 2015 (and imports of €3bn)



4th

largest export market for
indigenous Irish goods



6th

**largest export market for Irish
food and drink** worth almost
€600 million



2nd largest

**largest source of foreign direct
investment** in Ireland



3rd

**most important holiday market
to Ireland**



630,000

visitors from Germany to the
island of Ireland in 2015



For further information on the services of Enterprise Ireland overseas, please go to

<http://www.enterprise-ireland.com/en/Export-Assistance/>

Contacts in Germany

Eddie Goodwin, Manager, Germany, Switzerland & Austria,
Enterprise Ireland Düsseldorf office,
Derendorfer Allee 6,
40476 Düsseldorf,
Germany.

Tel: +49 (211) 4705920

Email: eddie.goodwin@enterprise-ireland.com



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