JHAL Trader Company

Market Report – Germany

Dongjune Kim

Dongjune Kim
2020-7-14
BUS/ENG 210 Online

Country Overview

Germany is a central European country between the Netherlands and Poland, bordering the Baltic Sea and the North Sea. ("The World Factbook: Germany") Germany has cool weather throughout the year, and four seasons are clear, as it is located near sea. However, the temperature of Berlin, the capital, sometimes drop below 10°F. ("Germany Government") Germany is the most densely populated country in Europe, with a population of 80159662 as of July 2020. ("The World Factbook: Germany") Among them, Berlin has a population of 3.7 million. The official language of the Germany is German, and there are also officially recognized minority languages such as Danish, Frisian, and Sorbian. There are also many different dialects in Germany: Low German, Upper German, Central, and High French Dialect. There are various religions evenly distributed: 27.7% of Roman Catholic, 25.5% of Protestant, 5.1% of Muslim and 37.8% of non-religious. Germany's official currency 'Euro' has been in use since it began to be used by 10 other EU countries in 1999. ("The World Factbook: Germany")

Industry Overview

Germany has the largest economy in Europe and the fifth largest in the world. Germany has a great influence on exports in the fields of machinery, automobiles, chemicals, and household equipment. Germany has boasted of its highly skilled labor force, which, as time goes by, is causing problems with sustained long-term growth like other European countries. The low birthrate and rising immigration rates are hurting the government's welfare system and various fiscal policies. ("The World Factbook: Germany") Ranking based on the company's net income, three of the top five German companies are automakers. ("List of Largest German Companies")

The No. 1 German company is Volkswagen, which is headquartered in Wolfsburg. Second place is Daimler AG, located in Stuttgart, also an automobile company that makes Mercedes Benz. Third is Allianz, a large insurance company used in 70 countries, whose headquarter is in Munich. The fourth place is BMW, located in Munich, and the fifth place is Siemens, a complex enterprise, which is also headquartered in Munich.

In addition, Germany is focusing on natural resource extraction and energy regeneration. They have abundant natural resources such as timber, lignite, potash, and salt, and is also the first country in the world to develop renewable energy transformation. ("Economy of Germany") The most populous city in Germany is Berlin, followed by Hamburg, Munich, Cologne, Frankfurt, Stuttgart, and Dusseldorf. Meanwhile, in population density, Munich ranked first and Berlin second. ("List of Cities in Germany by Population")

Government & Political Environment

The government type of Germany is federal parliamentary republic. Merkel, the prime minister of the country, leads the government and makes the nation's final decision. The prime minister who governs Germany's administration is appointed by the president with a majority in the Bundestag. The president of Germany is elected by the Federal Assembly and has the authority to appoint several officials, to promulgate laws, to sign treaties with foreign countries, etc. In other words, most administrative powers are held by the prime minister. Germany's legislature, similar to the United States, consists of the Bundesrat (Senate) and the Bundestag (House of Representatives), keeps each other in check and tries to make reasonable legislation. The German judiciary consists of two branches of senat, the first senat of which deals with basic

rights violations, and the second senat of which governs disputes between the federal and state governments or states. ("Germany Government")

Recently in Germany, coal-burning facilities and industries have caused air pollution, acid rain, sulfur dioxide emissions, and forest destruction. Accordingly, the German government has come up with a policy to deal with dangerous substances. And this policy establishes a mechanism to stop nuclear use for the next 15 years. Germany also has a strict policy on granting citizenship. A child born in Germany will be given citizenship only if at least one of the children's parents has German citizenship or has lived in Germany for more than eight years. Dual citizenship is also allowed, but it is disadvantageous to get priority approval in government-related work. However, if you have lived in Germany for more than eight years, you can choose to naturalize. ("Germany Government")

Business Norms

Germany's federal regulations limit working hours to 48 hours a week. Full-time employees work an average of seven to eight hours a day, five days a week. People who work less than 30 hours are considered part-time workers in Germany. Germany has relatively more holidays than other European countries. There are holidays such as 'Good Friday', 'Ascension Day', 'Whit Monday', and 'German Unity Day', and so on. The total number of holidays in Germany is 15 days, which means about 1.25 days a month. They have strict regulations on operating hours businesses and shops. The supermarket opens at 9 or 10 and closes at 22. Almost all shops close on Sundays except bakeries and petrol stations. Germans regard themselves as modern, liberal, cultural, and professional in their work. Their business culture shows strict hierarchies and has clear responsibilities according to one's department and position.

Furthermore, promotion depends on individual performance and expertise in the field. Work ethic is important in German companies. Employees consider themselves part of the company and strive to create good products and services. Moreover, people try to raise their values because in Germany, their individual ability is important, as the minimum wage is not set aside. ("Work-Life Balance")

Customs, Traditions and Etiquette

In Germany, first impressions are very important when it comes to business relations with the other party. Both the roles of verbal communication and non-verbal communication are important to give a good first impression. When Germans talk, the distance between the two speakers should be about arm's length, and they should look into other's eyes while speaking. They interpret that if they avoid eye contact when speaking, they are delivering opposite messages. Also, in Germany, the act of calling the other person's name out loud in a faraway situation can draw a negative attitude toward the people around you, including the other.

Exchanging business cards take a huge part in business meeting in Germany. These cards do not necessarily have to be in German, but qualifications above bachelor's degree should be listed on their cards. After the card exchange is made, it is important to clarify the business directly. Germans are direct so that they do not continue their conversation on other topics when they have their own business purposes. However, at the same time, Germans consider it important to show courtesy to the other party. Even people who have met for a long time at work shake hands in the morning as if they first met. Besides, in Germany, a little bow should be

followed with a handshake. Also, if you understand the other person's words, you should nod your head. ("Business Communication")

Analysis

If the company expands its market to Germany, they will have to educate their employees about German culture and things they need to get through customs in the country. However, there will certainly be a stumbling block for a company composed of many Americans to interact with them, as the country is not an English-speaking country. Also, the amount of money that must be covered to generate revenue will be enormous, as Germany and the United States are physically far apart. Recently, the German government has imposed strict regulations on factories that use chemicals causing environmental problems. In this respect, JHAL Trader Company, a company that manufactures and distributes toys, is suitable for the environment-friendly policies regulated by the German government.

Suggestions

I do not recommend JHAL Trader Company expanding its market to Germany. According to age structure in Germany, 23 percent of households are 65 or older. (While 65 or older in U.S. is 16.8%) Then, what about the number of people aged 0 to 14 who are directly related to toy demand? The corresponding population of the United States is 18.5%, while that of Germany is 12.9%. ("The World Factbook: Germany") Germany is a super-aged country with more than 20 percent of the population aged 65 or older. In other words, Germany, where the demand for toys is relatively low, will suffer losses for JHAL Trader Company. Moreover, language barriers to doing business is inevitable unless German-speaking people are adopted. In addition,

pickpockets and theft are occurring frequently in train stations and tourist attractions in many European countries, including Germany. Therefore, we might need help from locals who have lived in Germany for a long time. ("U.S. Department of State") Although Germany is in contact with North Sea, which would make U.S. easier to trade with Germany along the North Atlantic Ocean, considering time and cost, trading with a closer-distanced country will reduce the company's expenditure. Thus, the JHAL Trader Company should consider countries of sufficient value in expanding its market. When setting up a target market, in order for a good business to be achieved, it is necessary to thoroughly analyze the tastes of consumers in the country and various infrastructure projects and supply the right products.

Works Cited

"Business Communication." *Business Culture*, 13 Nov. 2019, businessculture.org/western-europe/business-culture-in-germany/business-communication-in-germany/. Accessed July 19, 2020

"Economy of Germany." *Wikipedia*, Wikimedia Foundation, 13 July 2020, en.wikipedia.org/wiki/Economy_of_Germany. Accessed July 19, 2020

"Germany Government." *CountryReports*, www.countryreports.org/country/Germany/government.htm. Accessed July 19, 2020

"List of Cities in Germany by Population." *Wikipedia*, Wikimedia Foundation, 13 July 2020, en.wikipedia.org/wiki/List_of_cities_in_Germany_by_population. Accessed July 19, 2020

"List of Largest German Companies." *Wikipedia*, Wikimedia Foundation, 6 May 2020, en.wikipedia.org/wiki/List_of_largest_German_companies. Accessed July 19, 2020

U.S. Department of State, U.S. Department of State, 19 June 2019, travel.state.gov/content/travel/en/international-travel/International-Travel-Country-Information-Pages/Germany.html. Accessed July 19, 2020

"Work-Life Balance." *Business Culture*, 22 Oct. 2013, businessculture.org/western-europe/business-culture-in-germany/work-life-balance-in-germany/. Accessed July 19, 2020

"The World Factbook: Germany." *Central Intelligence Agency*, Central Intelligence Agency, 10 June. 2020, www.cia.gov/library/publications/resources/the-world-factbook/geos/gm.html. Accessed July 19, 2020