

International business practices in germany

[Countries](#), [Germany](#)



As for doing business in Germany, the political and economic system makes it fairly simple for American companies to enter the market. Germany recognizes corporations with shareholders, such as PMC; registering with the commercial registrar and complying with the applicable laws is straightforward and easily accomplished. Export assistance is offered to companies in many markets wishing to do business with Germany. Although European countries are the favored trade partners, the US is also considered a valuable source for trade and it accepts a large percentage of American goods for import.

It is a recognized practice to do business through agents, who will arrange available markets for goods and secure contracts with principals, although there are no restrictions on distribution channels. The German Office for Foreign Trade has developed an e-trade center which lists business and networking contacts, making it easier to find distributors and buyers. There are few restrictions on imported products such as the mobility devices offered by PMC, and they are duty free (Burkard, 2008).

The high rate of e-commerce means that German consumers are willing to spend money over the Internet, which also aids marketing efforts. Although doing business in Germany is rather simple, one caveat will be the waiting time. German businessmen are notorious for the length of time it takes them to make decisions as they meticulously examine and analyze every angle of a business deal, so profits from selling in this market cannot be expected to be timely and the strategy must include facts and examples to sway their buying tendencies.

Culturally, Germans place strong emphasis on masculinity, individualism and uncertainty avoidance; they are open to change and adaptation although changes in business contracts can doom a transaction. The religious preferences of the majority of Germans is Christian. Their propensity for speaking on the phone will mean many follow-up calls, although a decision will not be reached during conversations (Priest, 2008). Environmental concerns and social responsibility are significant issues in Germany today.

Products sold should be labeled with a “blue angel” which signifies their environmental quality in order to be competitive in German markets. As well, a “GS” marking on products indicates their safety and is a valuable tool for marketing (German Business Portal). Quality and technology are two important factors which induce German buyers to make a positive decision. There are risk factors involved in moving into German markets. The greatest one is the high amount of taxation on transactions and the over-regulation of business.

Although the government is seeking reform to entice foreign business concerns to reconsider Germany as a trade market, current conditions make doing business there risky from a financial standpoint. From a marketing perspective, direct marketing via Email and Internet is well received, but German laws regarding privacy and data protection are quite stringent; there are also laws regarding unfair competition practices which must be researched in advance.

United Kingdom In the United Kingdom, 15.8% of the country's total population is aged 65 and over. The UK has recently reported a 3.8%

increase in health expenditures. The life expectancy of its citizens is 70.6 years old and the country spends 7.7% of its total GDP on health. An average \$1,429 per capita is spent on public healthcare funding and the UK is ranked 19th in the world for the number of practicing physicians, at 2.1 per 1,000 people. Per capita total expenditure on health averages \$2,160 per person (“Health Statistics by Country”, 2008).

The UK is continually making it easier for foreign companies to do business in its country. Recently, the UK lowered its corporate tax rate to one of the lowest available in the industrialized world; it is reputed to be a fair and open marketplace. The country enjoys one of the most stable political environments as well as the highest GDP growth rate in all of Europe; and the economy is quite strong. Transportation and communications are both well-developed in the UK and intellectual property protection is a high priority, making distribution of goods nearly worry-free.

Residents of the country are known for their high standards of living and mobility products would definitely be a market of interest for the aging population. Culturally, there are few barriers to doing business in the UK. The language is the same and many of the customs are similar to those in the US. Citizens’ religious preferences are predominantly Christian. Individualism and masculinity are highly valued traits and change can be affected quite rapidly due to little emphasis being placed on uncertainty avoidance.

Even so, the pace of making business decisions is slower than in the US and caution must be taken to avoid pressuring British agents (Priest, 2008). One risk to doing business in the UK is the competition factor. The National

Health Service is the system whereby residents receive medical care and it is a large, booming industry which has received a great deal of accolades for its success. According to a case study developed by the UK Trade and Investment Services Division, “ The UK is one of the largest medical device markets in the world”.

The healthcare industry in the country is quite strong and develops innovative and cutting-edge medical products on its own. Tapping into this market will mean going head-to-head with fierce competition, although British businesses are quite willing to try new products and as long as the need for PMC’s products is stressed, entry into this market should be successful. UK Trade and Investment is also very willing to help start-ups in the country, which bodes well for market newcomers. In conclusion, PMC has already made the decision to expand globally and with good reason.

As the United States economy continues to falter, other nations are experiencing rapid economic growth and higher standards of living. The time to infiltrate foreign markets could not be more ideal. Although there are risks involved, not the least of which is a financial loss, with proper planning the move to international sales should benefit the company.

References

Burkard, Peter H. “ International Business Practices in Germany”. Burkard International Law Office. Retrieved May 22, 2008 from the Burkard Law Website: <http://www.burkardlaw.com/doingbusinessingermany/>.