

YOUR M&S

ENTERING THE GERMAN MARKET

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YOUR
M&S



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Introduction of Marks & Spencer Company

- M&S is a leading British retailer bringing quality, great value food, clothing and homeware to millions of customers around the world
- Marks & Spencer started in 1884 as a stall in an open market in [Leeds](#), Yorkshire. Then known as Marks' Penny Bazaar
- In 1901, the first store was opened in Manchester, and it became the first address and headquarters of the Company
- In 1903 Marks & Spencer Ltd was registered as a firm with a capital of 30,000 £1 shares. These were split equally between the two founders.
- M&S operates in 57 countries boasting a network of, over 1,500 stores across the globe showcasing its international presence



Reasons for M&S decision to enter the German Market

Retail Opportunities in Germany - With Germany being the market in Europe it presents a substantial customer base for M&Ss wide array of products spanning from fashion to food and home items

Centralizing European operations in Germany could lead to efficiency gains in logistics, supply chain management and regional marketing strategies for M&S

Establishing a headquarter in Germany would enable M&S to serve the European market by adapting to changing consumer trends and regulations effectively

Leveraging Germany's infrastructure and strong trade connections within the EU M&S could enhance its trading capabilities

Economic Strength - The stable economy of Germany offers a secure setting, for international investments and retail activities. German consumers highly value quality and sustainability which aligns well with M&Ss brand principles and product range

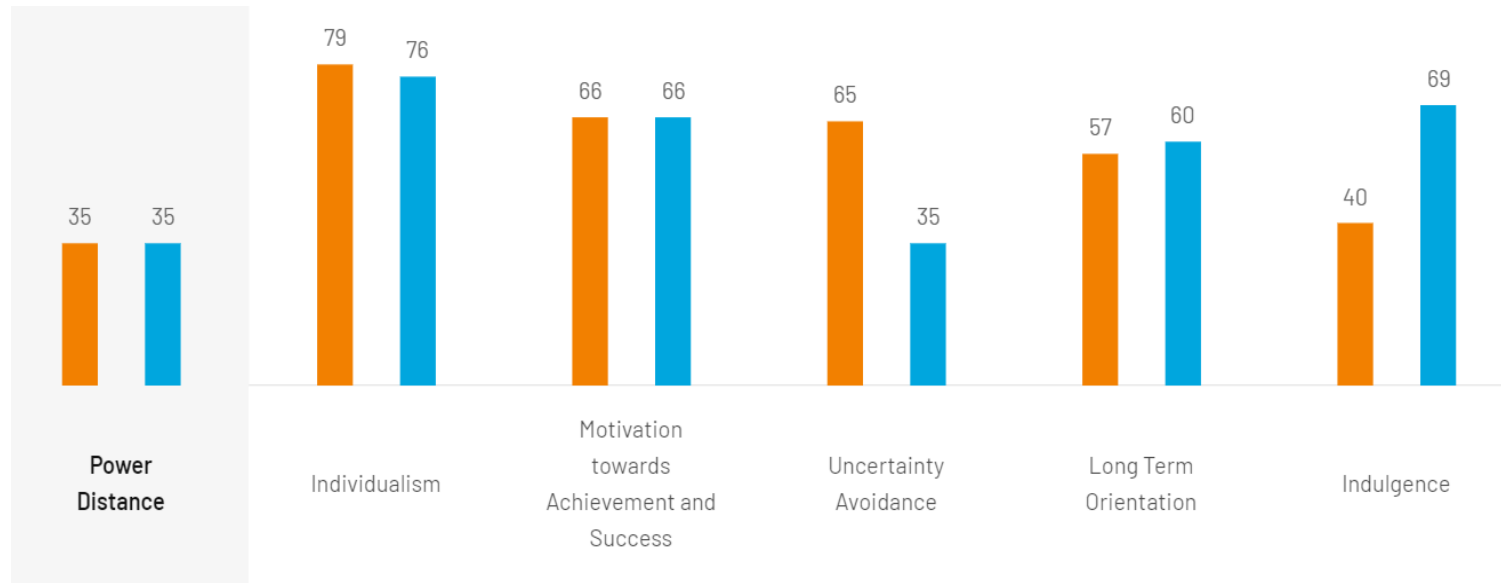


The UK AND GERMAN CULTURES

- **Business Etiquette** - In German business culture, being on time, using direct communication and formality are highly valued, contrasting with the more casual approach often seen in the UK.
- **Work Ethics** - Known for their strong work ethic, Germans emphasize efficiency and productivity during set working hours while the UK culture may allow for more flexibility in work schedules
- **Leadership Styles** - Germany typically follows a hierarchical leadership structure with a clear chain of command whereas the UK tends to embrace a collaborative and less rigid leadership approach
- **German shoppers** tend to be more focused on prices and value, while UK consumers often prioritize convenience and loyalty to brands. M&S could succeed in Germany only if they understand these differences and adjust their products, marketing tactics and customer interactions, accordingly
- **The behavior of the population.** Germans as a nation are colder, more reserved, they are not the most welcoming and not the most friendly. The English are very kind, friendly and very patient.



HOFSTEDE'S CULTURAL DIMENSIONS



Indulgence -this component suggests that German culture is restricted, society tending to become cynical and pessimistic. The English being much happier, more relaxed, more optimistic, these factors create a balance between work and free time.

Uncertainty Avoidance-to reduce uncertainty and promote stability, Germans strongly value defined rules, laws, and structured systems. The United Kingdom has a low level of uncertainty avoidance, which suggests people are more relaxed. They are more adaptable, innovative, and willing to take risks.

RECOGNIZING CULTURAL OBSTACLES AND COMMUNICATION HURDLES

M&Ss expansion into Germany might face communication obstacles due to differing attitudes toward time management, hierarchy and business negotiation styles.

- The Language can be an obstacle that would make collaboration a little more difficulty
- Cultural Differences- and here we are talking about the difference between business etiquette and work ethics, which is very different in both countries British companies, initially fighting and difficulties with understanding the market's landscape and consumer expectations, underscore the potential for misunderstandings and clashes.
- The lack of understanding of the market can be a major problem in opening a store, for this you need more analysis, calculations, implementation of strategies. A poorly thought out project can bring essential damages.



EFFECTIVE WAYS TO COMMUNICATE ACROSS CULTURES

- **Cultural Sensitivity Training** - Implement a training program to help all team members understand and respect the aspects of German business culture.
- **Language Proficiency Initiatives** - Encourage employees to participate in German language courses to improve communication and show appreciation, for the culture.
- **Team Integration Efforts** - Form teams that bring together individuals from backgrounds to encourage cultural exchange and collaboration for innovative solutions.
- **Conflict Resolution Workshops** - Organize workshops focused on resolving conflicts providing employees with skills to navigate misunderstandings effectively
- **Ongoing Feedback Sessions** - Conduct feedback sessions where employees can share their experiences and insights on interactions promoting continuous learning and growth.



ADJUSTING BUSINESS PRACTICES FOR THE MARKET

- **Adapt Negotiation Strategies** - Modify negotiation techniques to align with the detail oriented approach commonly seen in business settings emphasizing thorough preparation.
- **Tailored Customer Service Approach** - Customize customer service practices to meet the standards of quality and efficiency expected by consumers.
- **Tailoring Marketing Strategies** - Develop marketing campaigns that resonate with values and consumer behavior potentially requiring deviations from UK practices
- **Compliance with Regulations** - Ensure an understanding of business laws and regulations to build trustworthiness and credibility in the local market
- **Adapting supply chain management** processes according to localized needs in Germany, while maintaining efficiency and quality standards. Aligning supply chain practices, with business customs and expectations may involve collaborating with partners and suppliers

EXAMPLES OF SUCCESSFUL BUSINESS COLLABORATIONS BETWEEN THE UK AND GERMANY

•**Tesco** – entered the German market indirectly through acquiring a stake in a local grocery chain, rather than establishing its own stores. This approach allowed Tesco to gain insight into the German retail market without the initial risk of directly competing with established local players. Lesson for M&S: Consider strategic partnerships or acquisitions as a lower-risk entry method into the German market, allowing for local market learning and adaptation.

•**British Airways** – increased its service offerings in Germany by expanding route availability and enhancing customer service to cater to the business and leisure travel needs of German consumers. Lesson for M&S: Tailor service offerings to meet local preferences and expectations, emphasizing convenience, quality, and customer service excellence.

•**Burberry** – they capitalized on its British heritage while localizing its marketing strategies to resonate with German consumers. The brand emphasized its iconic products and engaged in local cultural events to increase brand visibility. Lesson for M&S: Leverage the British heritage of M&S while incorporating local German elements into marketing and product selection to appeal to local tastes and preferences.

Aston Martin – they expanded its presence in Germany by focusing on the luxury segment of the car market, opening dedicated dealerships, and offering bespoke services to attract high-net-worth individuals. Lesson for M&S: Position certain product lines or store sections to cater to the premium segment of the market, emphasizing quality, exclusivity, and personalized services.

CONCLUSIONS AND STRATEGIC RECOMMENDATIONS

Emphasize Cultural Learning: Continuous cultural learning and adaptation should be at the core of M&S's strategy for entering and succeeding in the German market

Adopt a Localized Approach: Tailoring business practices, from product offerings to marketing strategies, to align with German norms and consumer expectations is crucial for M&S's success

Foster Intercultural Communication: Investing in intercultural communication training and language programs will build a more cohesive, effective team capable of navigating the complexities of the German market.

Engage with Local Partnerships: Strategic collaborations with local businesses can provide valuable insights and facilitate smoother market entry and operations.

Monitor and Adapt Strategies: Regularly review and adapt strategies based on market feedback and changes in the cultural landscape to ensure ongoing relevance and competitiveness

It is crucial to highlight the significance of adaptation and sensitivity in all aspects of M&S's expansion into Germany from leadership approaches to customer service. Encouraging learning for cultural understanding will help M&S stay adaptable to the dynamic German market.



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