

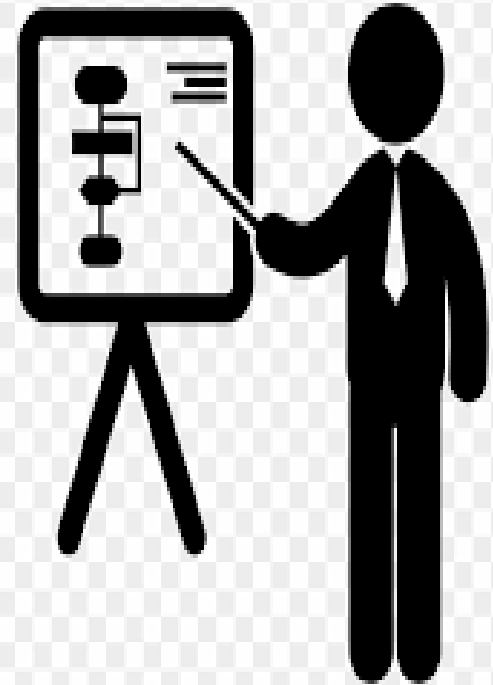
TESCO EU Management HQ in GERMANY

By Ibrahim Gazi

IBC – LCBB6001
Lecturer: Zainab Atta
UWTSD - London
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Main Content / Agenda of the Presentation

- Introduction to the Context
- Introducing German Culture
- Success and Failure Factors in Germany
- Cultural Sensitivity in Germany (Differences from the UK)
- Hofstede Cultural Dimensions: UK and Germany
- Recommendations and Business Communication Solutions
- Conclusion



Introduction to the Context

Overview of the British multinational company, Tesco:

- ❖ Tesco, founded in 1919 by Jack Cohen, has evolved into one of the largest retailers in the UK and globally.
 - Mission: To serve customers a little better every day.
 - Vision: To be the most trusted retailer, where people love to work and shop.
 - Core Values: Trust, Value, Innovation, and Ownership.
- ❖ **Key Statistics:**
 - Tesco's current market share in the UK: 27.3% (2024)
 - Main competitors in the UK and their market shares:
 - i. Sainsbury's: 15.9%, Asda: 14.7%
 - Revenues 2020-2024: £63.9 billion
 - Profits 2020-2024: £3.2 billion
 - CEO/Board of Directors: John Allan (Chairman), Ken Murphy (CEO)
- ❖ **Proposed Expansion:**
 - Establishing a management office in Germany
 - Rationale for expansion: To increase worldwide trading and have an EU management office

Introducing German Culture

❖ Overview of German Culture

- Germany, with a population of over 83 million (MarketLine. 2021)
- **Language:** German,
- **Ethnic Makeup:** Predominantly German (about 80%),
 - Immigrant populations from Turkey, Poland, Russia, and other European countries.
- **Social Structures:** Emphasis on hierarchy and respect for authority
- **Religious Values:** Predominantly Christian (Protestant and Catholic), with growing secularism and religious diversity.
- **Business and Work-related Attitudes:** Punctuality, precision, and professionalism are highly valued, with an emphasis on thoroughness and efficiency.

Introduction to German Culture (Contd.)



Further Cultural Differences between Germany and the UK:

Direct Communication: Germans tend to value direct and straightforward communication, often prioritizing honesty over politeness.

Social Norms: Personal space and privacy are highly respected in German culture, and small talk may not be as common as in the UK.

Business Etiquette: Formality is key in business interactions, with handshakes and professional attire expected.



Cultural Nuances:

Understanding cultural nuances is crucial for successful business interactions and relationships in Germany (Hofstede Insights, 2024).

Failure to adapt to German cultural norms can lead to misunderstandings and hinder business success.

Success and Failure Factors in Germany

❖ Success Factors:

- Adaptation to Local Culture and Norms (Kray, 2019):
- Building Strong Relationships (Kray, 2019): .
- Understanding Regulatory Environment:



❖ Failure Factors:

- Cultural Misunderstandings:
- Lack of Localization (Kray, 2019):
- Underestimating Competition:
- Poor market research



Cultural Sensitivity in Germany (Differences from the UK)



Language and Communication Styles:

German Language: Employing German in business communication to show respect and enhance understanding (Hofstede Insights, n.d.).

Direct Communication: Emphasizing clarity and precision in communication, avoiding ambiguity.



Social Etiquette and Business Practices:

Formality in Greetings: Using formal titles and greetings in business settings.

Respect for Hierarchy: Acknowledging authority and adhering to hierarchical structures in organizations (Hofstede Insights, n.d.).



Work Ethic and Attitudes towards Authority:

Work-Life Balance: Valuing leisure time and maintaining a healthy work-life balance.

Professionalism: Upholding professionalism in all business dealings, including punctuality and reliability.

Cultural Sensitivity in Germany (Contd.)

❖ Importance of Cultural Sensitivity:

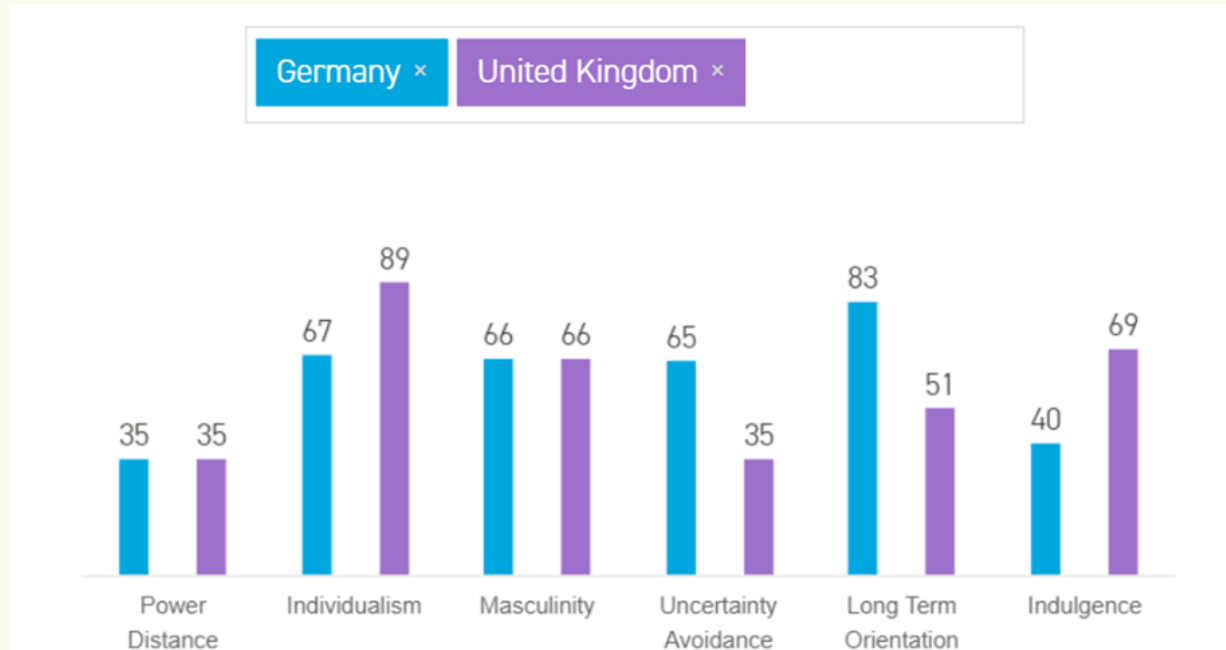
- ❖ Cultural sensitivity is crucial for building rapport, fostering trust, and facilitating successful business relationships in Germany (MarketLine, 2021).
- ❖ Investing in cultural training and intercultural communication skills equips employees with the tools to navigate cultural differences effectively.

❖ Recommendations:

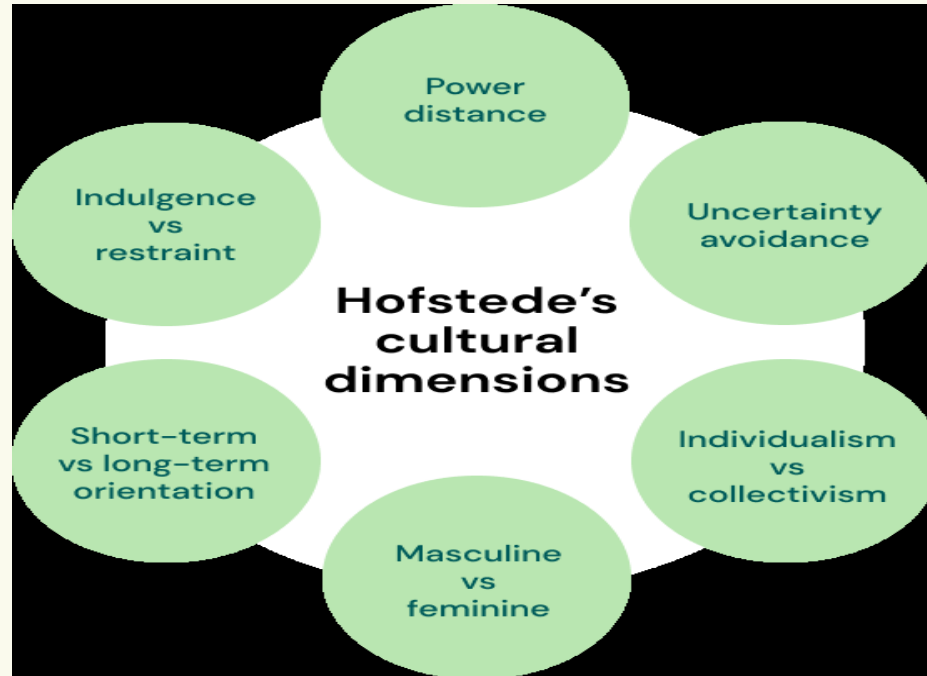
- ❖ Establish cross-cultural training programs to educate employees about German culture and business etiquette (MarketLine, 2021).
- ❖ Encourage cultural immersion experiences, such as language courses and cultural exchanges, to foster greater understanding and empathy.

Hofstede Cultural Dimensions: UK and Germany

❖ Comparative Analysis of Hofstede's Cultural Dimensions:



Hofstede Cultural Dimensions: UK and Germany (Contd.)



Recommendations and Business Communication Solutions

❖ Recommendations:

❑ Adaptation of Leadership Styles:

- Encourage participative leadership styles that empower employees and foster collaboration, aligning with Germany's preference for teamwork and consensus-building (Dickmann and Sparrow, 2008).

❑ Localization of Marketing Strategies:

- Tailor marketing campaigns to resonate with German cultural values and preferences, emphasizing quality, reliability, and sustainability (Tietze and Piekkari, 2020).

Recommendations and Business Communication Solutions (Contd.)

❖ Business Communication Solutions:

❑ Language Proficiency:

- Invest in language training programs to enhance employees' proficiency in German, facilitating clearer communication and relationship-building (Tietze, and Piekkari, 2020).

❑ Cross-Cultural Communication Training:

- Provide employees with training in cross-cultural communication skills to navigate cultural differences effectively and build stronger business relationships (Stahl et al., 2010).

Conclusion

❖ Summary of Key Points

- Cultural differences between the UK and Germany impact various aspects of business operations, including communication, leadership, and decision-making.

❖ Recommendations for Tesco's Success:

- Cultural sensitivity, localization, and building strong partnerships are essential strategies for overcoming cultural barriers and achieving success in the German market.



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