

Tesco Plc Expansion on the German Market

Student ID: 2111701

Student Name: Mihaela Raducanu

Module: International Business Communications





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Introduction

- Tesco is a well-known British multinational company that operates one of the world's largest retail chains. Tesco, which operates in several countries, is well-known for its wide product selections and creative retail techniques.
- Tesco intends to expand its worldwide presence by entering the dynamic and economically successful German market. The objective is to expand global trading prospects while also establishing an important EU management office in Germany.
- The presentation goes into the important topic of negotiating cultural differences between the United Kingdom and Germany because understanding these cultural differences is critical to Tesco's success in Germany.
- This presentation will give an overview of the cultural problems and obstacles that Tesco may face as it expands. It will also explain strategic advice and commercial communication methods to enable a successful and beneficial presence in Germany.



The German Culture

- German is the language spoken by the majority in Germany.

Thus, Tesco staff in Germany need to speak German well in order to provide excellent customer service and communicate with regional stakeholders.

- Punctuality is highly valued among Germans.

Tesco's representatives in Germany need to observe local conventions by being prompt and maintaining a formal attitude.

- Work-life balance is something that Germans are known to value.

Tesco should ensure that workers have a balanced work-life experience by taking these laws into consideration.

The German Culture

- Compared to the UK, Germany has a more hierarchical business culture.

Tesco could have to modify its reporting arrangements and decision-making procedures to conform to German hierarchical standards.

- When communicating, Germans are usually more straightforward and direct than British people.

Transparency and clarity should be given top priority in Tesco's communication strategy for both internal and external audiences.

- In Germany, environmental sustainability is highly valued.

Tesco may use its commitment to sustainability to highlight how business aligns with German interests and values.



- Quality

Quality products are valued by German customers. For instance, Volkswagen's outstanding quality has contributed to its success.

- Cultural Sensitivity

Respecting and being aware of German cultural standards is essential. Airbnb employed the German notion of cosiness in their "Gemütlichkeit" marketing, which connected with local values.

- Regulatory Compliance

It's imperative to follow local laws. Tesla, for instance, had to follow German regulation for electric cars.

- Strong Customer Service

Excellent client service is highly appreciated. German airlines, such as Lufthansa, are known for providing outstanding customer service.

Success factor on the German market

Failure factors on the German market

- Cultural inadaptation

Failure to adjust to German customs may result in failure. Walmart had trouble engaging with German consumers because of this.

- Ignoring Local Competition

The competitive landscape in Germany is something the corporation shouldn't ignore. German coffee brands created multiple challenges for the US coffee giant, Dunkin' Donuts.

- Underestimating Regulations

The business must comply with German laws. Laws, related to transportation, imposed limits on Uber.

- Poor Marketing Research

The business shouldn't neglect the preferences of local consumers. Different breakfast habits in Germany contributed to the failure of Quaker Oats' cereal products.

Cultural sensitivity

United Kingdom

VS

Germany

Cultural Similarities

- Both countries have strong work ethics
- Both cultures value punctuality
- Both prioritize high-quality products and services
- Both countries focus on corporate social responsibility
- Both countries are famous for their involvement in international trade

Cultural sensitivity

United Kingdom

VS

Germany

Cultural variations

- In Germany, the official language is German, while in UK is English.
- UK is more egalitarian in general while Germany place a strong emphasis on formality and hierarchical structures.
- British people are using a more informal communication on a daily basis, while Germans like formalities such as addressing individuals by their titles.
- The UK uses a more individualistic decision-making style while Germans prefer to make decisions collectively.
- In the UK, the working week is longer in general than in Germany. Germans like to have a healthy work-life balance.
- Germany's environmental regulations are stricter than in United Kingdom.

Hofstede cultural Dimensions: UK and Germany

Power Distance:

UK (35) vs. Germany (35)

For example, organisational structures in the United Kingdom are largely flat, but authority is more respected in Germany. Tesco should keep this in mind while creating management structures in Germany.

Individualism vs. Collectivism:

UK (76) vs. Germany (79)

Individual accomplishments are strongly appreciated in the United Kingdom, but community unity is highly valued in Germany. Tesco may need to change its HR rules to encourage teamwork and collaboration among its German employees.

Masculinity vs. Femininity:

UK (66) vs. Germany (66)

Both countries have identical scores in this area, showing a balanced approach to gender roles. Tesco's HR practises in Germany should try to ensure gender equality.

Uncertainty Avoidance:

UK (35) vs. Germany (65)

Germans value rules and systems. To acquire confidence and acceptance, Tesco should guarantee that its activities conform with local rules.

Long-Term Orientation:

UK (60) vs. Germany (57)

Germany's emphasis on long-term planning and sustainability, for example, is consistent with Tesco's dedication to corporate responsibility and environmental sustainability.

Recommendations

- Create an intercultural team by integrating staff members from Germany and the UK to create connections.
- Adopt formality and punctuality as German standards in commercial dealings.
- To establish a friendly atmosphere, encourage diversity and inclusion in the workplace.
- Recognise regional preferences and German customer behaviour.
- Verify Tesco's adherence to German legal requirements.
- Adjusting the advertising and marketing tactics for the German market.
- Work together with local businesses to acquire knowledge specific to the area.

Conclusion

- Tesco needs to recognise and take advantage of cultural differences if it is to expand into Germany.
- By implementing effective techniques, Tesco may achieve success in the German market and further its worldwide expansion.
- Tesco has the potential to prosper in Germany because of its dedication to corporate responsibility and its global perspective.
- Through meticulous preparation, cultural awareness, and flexibility, Tesco may overcome cultural obstacles, and support the expansion of its recently acquired German market.
- If this growth is successful, Tesco's position as a leader in the retail sector will be strengthened in addition to its global reach.



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