WHAT DOES IT MEAN TO BE GERMAN?

Germany is an individualist and a highly decentralised society (1). Germans focus on their immediate family as a priority and have a strong belief in the ideal of self-fulfilment, drawing a lot of self-esteem from intellect and expertise. Indeed, personal performance matters early on as the school system separates children into different types of schools at the age of ten. Whilst success is important and is achieved through decisive and assertive behaviour, money is not everything. There is a focus on savings and preparation as opposed to ‘flashy’ status. Generally quite disciplined and restrained, Germans have a strong propensity to save and invest and be thrifty, over being indulgent. Buying on credit is not the norm and status is shown through smart investments in cars, watches and technical devices. Lovers of detail and efficiency, German communication is known to be among the most direct in the world, they tell it like it is, honesty is appreciated and expected, even if it hurts. As such Germans feel very personally let down by the Volkswagen emissions scandal, with concern that the revelation that VW had been cheating on US emissions tests for years could affect the country’s reputation for honesty, reliability and efficiency (2).

Brand Example: Commerzbank

This advert for Commerzbank entitled ‘The Painted Truth’ plays to German honesty and directness. It features a German celebrity making sensational claims to camera about a savings account. She goes on to say that not many banks were honest enough to consider the role they played in the credit crash, but that Commerzbank has done and learnt from it (3).
THE GERMAN CONSUMER MINDSET

CAREFUL WITH MONEY

Germans are seen as being good at managing money, with a strong propensity to save and invest, following a mindset ‘save now, have later’, rather than ‘have now, pay later’ (4). Indeed the German word for debt – Schulden – comes from the word for guilt, Schuld’ (5). Whether an outcome of hyperinflation in the first half of the twentieth century, a desire for anonymity, or fear of debt, German consumers today still prefer to use cash, with Germany remaining one of the most cash-intensive advanced economies on earth (6). Debit cards are catching on gradually, particularly amongst younger generations, but take up of credit cards is low driven by a loathing of debt and privacy issues with electronic payment methods. Contactless payments and mobile payments via smartphones have also so far been unsuccessful due to these trust concerns. Given the choice, most Germans still prefer to use cash, Direct Debits, or to be invoiced on delivery (7).

Brand Example: Barzahlen

“Germany’s largest private cash payment infrastructure”, Barzahlen is an online payment platform where you can buy things online and pay for them in cash at over 9,000 participating local shops (8).

DEMANDING CONSUMERS

Practicality and planning are important to Germans. With their inherently rational and logical mindset, German consumers take a systematic approach to purchasing. They like to know everything about a product order to compare it to similar products and make the most informed and best purchase possible (9). Lovers of honesty and suspicious of hyperbole, or promises that sound too good to be true (10), Germans are also quick to get frustrated if
anything goes wrong or sellers fail to deliver on their promises (11). According to a recent global study carried out by Accenture, Germans ‘have the highest standards in the world’, requiring more to be satisfied than consumers in other mature consumer markets. They expect quick-and-easy easy transactions, expert advice and fast troubleshooting across all channels; and, of course, low prices.

LIFE ONLINE

Germans are very particular about their personal data – an attitude that can be traced back to legacy of World War II. There are strict laws governing how their personal data is collected, used and shared (12). Germans value this protection personally and culturally. As such, despite high levels of internet and smartphone penetration, Germans tend to be low users of social media, with growing numbers now cancelling their social media accounts (13). Germans tend to view the Internet as a source of information, and use it more as a passive form of communication (14). Whilst online privacy is limiting social media take up, German consumers’ desire for low prices and convenience is driving growth in the value of internet retailing with dramatic growth in the value of mobile internet retailing in recent years (15). Germany has the largest number of online buyers in Europe – 71% of the German population aged 14 and above shop online, representing some 50 million people (16).

Brand Example: Media Markt

With a reluctance to share data, loyalty cards are a relatively new concept in Germany. In this advert for technology superstore Media Markt the cashier asks a couple if they have clubcard yet and they reply "what can you do in the club?" (17).
FORCES OF CHANGE

INFLUX OF REFUGEES

Germany has taken a more generous policy towards refugees than other countries, with Angela Merkel responding to the refugee crisis with the declaration “Wir schaffen es – We can do it” (18). The open-door policy has seen Germany receive more than 1.1 million asylum seekers in 2015, by far the highest number in the EU (19). After the initial euphoria, Germany is now dealing with the practical realities of shouldering Europe’s refugee crisis, with police stretched, growing far-right rhetoric and a huge integration challenge (20) – a reality that was put into sharp focus by the events in Cologne on New Year’s Eve (21). Yet it seems that German consumers remain unfazed by the refugee crisis and danger of terrorist attacks. Consumer confidence has risen in 2016; income expectations have increased noticeably, while economic expectations are little changed and propensity to spend remains stable (22). Suggesting Germans remain positive about their own financial situation, even if the wider picture is a less rosy one.

Brand Example: Wir Zusammen

Wir zusammen (“We together”) is an integration / employment program for refugees – a “Creating opportunities for those who have fled from war and persecution”. The advert is aimed at German businesses calling on them to sponsor to the program and help realise the opportunities that immigration offers Germany (23).

A CONSUMER SPENDING SPREE

A strong economy and low unemployment, lower energy costs and growing household income, coupled low interest rates on savings (making it less attractive to put money away for a rainy day), have encouraged unprecedented levels of spending amongst German consumers in
recent years (24) Demand for home improvement services, new cars, holidays and other big ticket items has been particularly high (25). At the same time, German consumers’ love of frugality and saving have remained strong. Furthermore, with a weakening global economy and concerns over a possible Brexit, coupled with the large influx of refugees, the prediction is that whilst German shoppers are making the most of the good times, they will continue to be cautious in loosening their purse strings (26).

THE GREEN ECONOMY

Nearly one third of Germany is covered with forests and woods, with a love of nature deeply embedded in German culture. This love of nature and dislike of waste meant that Germany started to recycle and to use renewable energy much earlier than other countries. Today recycling is a respected and even expected part of everyday life for most Germans, who meticulously separate their rubbish into waste food, paper, glass, plastic and metal (27). The desire to become ‘greener’ consumers is influencing spending and purchasing decisions. Germans are willing spend more up front for green energy sources and energy-efficient household appliances, because they will save them money in the long term (28). There are high levels of interest in sustainable transport, organic food and cotton, Fairtrade, GM free and natural products. German consumers also prefer "regional products", with the majority of consumers prepared to pay a premium for them (29).

Brand Example: Alnatura

Germany has numerous organic supermarket chains sourcing produce locally from farmers in the region. One of the largest in central/western Germany is Alnatura. This Alnatura advert speaks to Germans with busy, modern lives, who are still keen to consider the environment: “Protect the environment – one bite at a time” (30).
This report is designed as an introduction to German consumers for those who are new to doing research in Germany, or as a refresher for those looking to understand the changing consumer mindset. For detailed information on key demographics, market segments, trends and consumer behaviour take a look at the Consumer Lifestyles in Germany report (Euromonitor International, October 2015). For primary research, we have a German moderator, Franziska, who can provide expert input into reports. We also have Germans on Join Cultures, our in-house community of cultural guides, who can give you a read on cultural differences.