



Reach
COUNTRY PROFILES

Germany |

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Country Facts



83,132,799

TOTAL POPULATION



URBAN POPULATION

77.4%



RURAL POPULATION

22.6%



MEN

48.9%



WOMEN

50.6%



MEDIAN AGE

42.0

CURRENCY

EUR

Euro

GDP

\$56,052 USD

Per Capita PPP

AVERAGE INCOME

£42,500 EUR

AVERAGE PURCHASING POWER

Per Capita

£23,766 EUR

Per Capita

ETHNIC ORIGINS

The majority of the population is of German descent at 91%, and the next largest ethnicity is Turkish at 3%. The remaining population comprises Greek, Italian, Polish, Russian, Serb-Croatian, and Spanish origin. In 2015 the country also took in over 1 million migrants from the Middle East.

LANGUAGES

The official language is German, but English is also quite common. Other languages spoken are French, Italian, Spanish, and Russian.

TYPE OF GOVERNMENT

Germany is a democratic, federal parliamentary republic. It is made up of 16 states or "Länder" which have local legislatures and are considerably decentralized from the federal government.

TYPE OF ECONOMY

Open high-income economy, OECD member, G8 Member nation. World's second largest importer and leading nation in the EU!

IMPORTANT SHOPPING HOLIDAYS

Jan 6	Epiphany (Das Dreikönigsfest)
Jan 25-Feb 5	Winter Sales Period (Winterschlussverkauf)
Feb 15	Rose Monday (Rosenmontag)
June 1	Children's Day (Kindertag)
Jul 27-Aug 8	Summer Sales Period (Sommerschussverkauf)
Oct 3	Day of German Unity (Tag der Deutschen)
Nov 26	Black Friday
Nov 28	Cyber Monday
Dec 6	St. Nicholas Day (Nikolaustag)
Dec 25	Christmas
Dec 26	Boxing Day

*Dates are based off of 2021 calendar. Specific dates may vary based on year.

WHO

Consumer Profile & Behavior

Germans are a mass consumption society and Europe's largest B2C ecommerce market.²



Germany is home to one of the oldest populations in the world. 64.9% of the population fall between the ages of 15 and 64 and another 21% is over 65 years old.³



While the country has declining wage inequality, 19% of the population are thought to be at risk for poverty and social exclusion.⁴



Ecommerce is an established form of consumer shopping in Germany with its citizens already being confident online shoppers.⁵



Germany has the highest product return rates of Europe, with 53% of the population returning at least one item in 2019. Their consumers are very demanding of their products & services.⁶



Germany has one of the highest levels of education globally, with 86% of citizens aged 25 to 53 having done upper secondary education. 47% of secondary education students pursue further training in comparison to the OECD average of 42%.⁷



THE IMPACT OF COVID-19

The pandemic and their recent recession led to a decrease in spending last year. According to the Institut der Deutschen Wirtschaft (IW) calculations, consumers in Germany spent an average of at least €1,250 less in 2020 than in the year before the crisis started.

However, a new poll in 2021 by McKinsey said that this is expected to rebound. 44% of the population is looking to splurge as things open up by the end of 2021. Many turned to online retail during the pandemic, and this trend is looking to stay around. 91% of Germans who purchased online during the pandemic plan to continue to do so after.⁸

WHERE

Germans Place Value

ENVIRONMENTAL AWARENESS

The German population are adopting greener consumption and becoming more environmentally aware. **Products that are organic, vegan, or more sustainable are gaining traction** and people are willing to pay a higher premium for them.⁹

DATA PROTECTION

Germans put high importance on the protection of their data and security. Many prefer to pay by invoicing, instead of traditional methods like credit or debit because of perceived risk to their data.¹⁰

QUALITY PRODUCTS

Quality and features are extremely important to German consumers, **they are likely to spend more for the better product**. Due to this they are very loyal to brands with higher quality, 60% of the population will buy the same brand several times.¹¹



Germans Spend Their Money



BOOKS



CLOTHING & APPAREL



HOME GOODS



FOOD



CONSUMER ELECTRONICS



VIDEO & MUSIC



HOBBIES & LEISURE



FURNITURE

Germans Shop Online

MOBILE COMMERCE

Germany's population is heavy adopters of mobile payments due to high smartphone penetration. 78.8% of the overall population have smartphones, while 98% of people 18 to 34 have smartphones. Mobile commerce in Germany is growing faster than the European average. In total, 33% of German ecommerce takes place via a mobile device, with 51% made via web browsers and 49% via mobile apps.¹²

VOICE COMMERCE

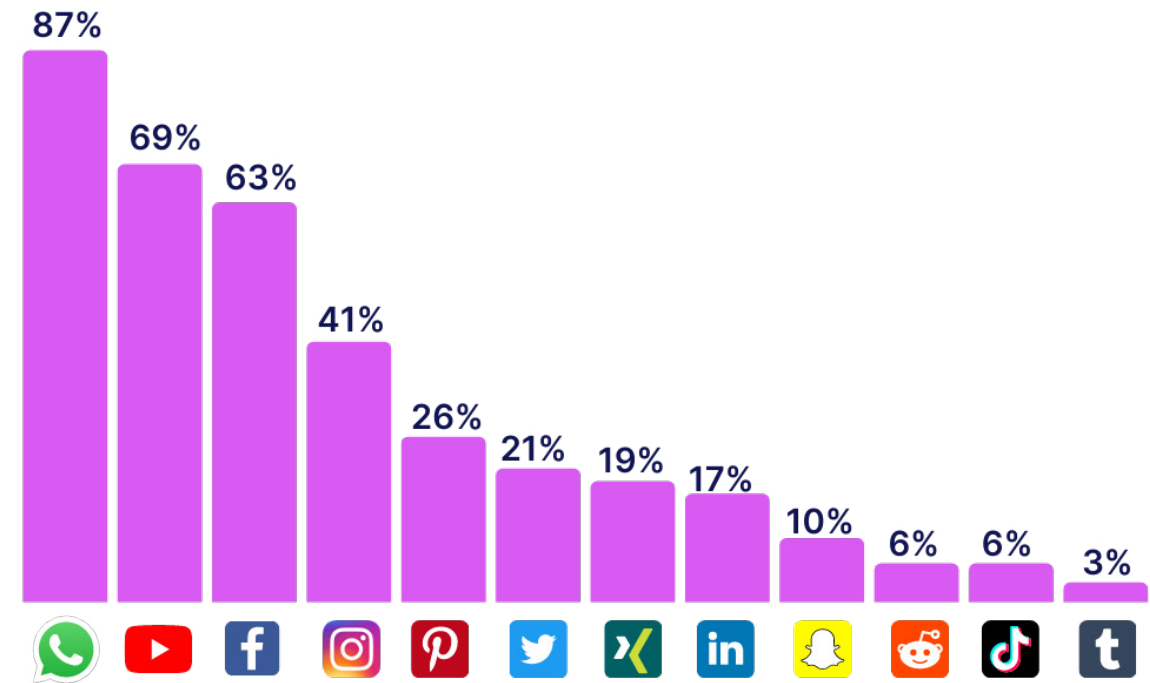
Germany has embraced voice functionalities such as Amazon Echo and Google Home when mobile shopping. One in eight online consumers already uses voice commands to order online.¹³

SOCIAL COMMERCE

Social media is a crucial channel for reaching younger German consumers (around 20% of the population is under 24). Despite the uncertainty wrought by COVID-19, social platforms are still creating new ways for merchants to display and sell products. For example, Germany is a launch country for Snapchat's Dynamic Product Ads. This ecommerce function allows merchants to adjust and post ads in real-time on Snapchat. Adidas and Topshop were among the first to use the service in mid-2020.

Social networks are a helpful way to learn about products, as other users' comments can help determine a purchase decision. However, due to concerns about data collection by companies, Germans tend to be passive users of social networks.¹⁴

Most Popular Social Networks¹⁶



Shoppers Find Out About New Brands

German consumers trust the opinions and ratings of family and friends who have already purchased a particular product.

Besides word-of-mouth through social environments, evaluations of products and services by journalists and experts in the media (24%) play a significant role throughout the customer decision journey. This can include expert interviews and reports in online and offline blogs/magazines and crowd-based reviews via online rating portals.¹⁷

OTHER TRENDING ECOMMERCE PLATFORMS¹⁵



TOP SEARCH ENGINES USED IN GERMANY¹⁷



DuckDuckGo



HOW

Germans Prefer to Pay



BUY NOW PAY LATER

German's prefer to try an item before they pay for it, so that they may return if it does not suit their needs. That's why BNPL and open invoicing is a popular payment method in Germany.¹⁸



MOBILE WALLETS

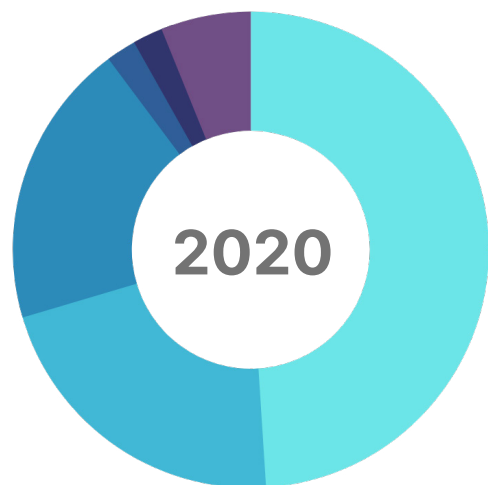
Digital wallets are not as prominent in Germany compared to the other major powers in Europe like the UK and France. While German mobile internet penetration is high, at over 82% in 2020, Mobile wallet adoption has been impacted by Germany's concerns over data privacy.¹⁹



DEBIT & CREDIT CARDS

Credit cards have relatively low presence in the country with only .41 credit cards per capita and card use in general only generating 19% of the payment split.²⁰

ECOMMERCE PAYMENT SPLITS



- Paypal or Similar Options - 48%
- Invoice - 21%
- Debit or Credit - 19%
- Direct Debit Payment Through Bank - 6%
- Mobile App - 2%
- Cash on Delivery - 2%
- Other - 2%²¹

BANKS IN GERMANY

- Deutsche Bank
- Commerzbank
- KfW Bankgruppe
- DZ Bank
- HypoVereinsbank (UniCredit Bank AG)
- Landesbank Baden-Württemberg
- Bayerische Landesbank (Bayern LB)
- Norddeutsche Landesbank (nord/LB)
- Landesbank Hessen- Thüringen (Helaba)
- NRW Bank²²

POPULAR PAYMENT METHODS



WHY

Merchants Should Tap Into the German Market



Revenue in the eCommerce market is projected to reach **US\$94,998 million** in 2021.²³



Mobile commerce is firmly established in Germany and already takes **33%** of total e-commerce sales.²⁴



Mobile commerce is estimated to grow to **£54.4 billion by 2023**.²⁵



In the ecommerce market, the number of users is expected to amount to **68.4m users by 2025**.²⁶



Highly **established logistics systems** throughout the country.²⁷



Early adopters of voice technology, **1 in 8 already use this tech** to purchase online.²⁸

Ecommerce is an established form of consumer shopping in Germany, with its citizens already being confident online shoppers.

Germany is Europe's third-biggest ecommerce market and is worth EUR 94B.



WHAT

Merchants Should Know Before Entering the German Market



REGULATIONS & TRENDS

The German government is developing regulations around ecommerce and returns. Ecommerce entry complexity into Germany is low as it is an established market with many payment options.²⁹

PSD2 Regulations- The Payment Service Directive 2 is a recent legislation from the European Union that is designed to increase fraud protection and foster payments innovation. As Germany is part of the EU it must comply with these new directives as of Mar 15, 2021. The main component of PSD2 that is important to online merchants is the Strong Customer Authentication (SCA) which is designed to mitigate fraud.³⁰

SCA- Consumers must use two factor authentication on transactions above a specified price threshold or level of risk. Low value payments, low risk transactions (trusted & secure processors), or recurring payments can be exempted from this. Standard authentication used for the SCA by merchants is 3DS, which uses fingerprints, facial recognition or pin codes specific to the user. This must be applied at the check out for applicable transactions in order for merchants to comply with this directive.

IOSS- As of July 1, 2021, merchants importing commercial goods into the EU will comply with their VAT ecommerce obligations with the Import One-Stop Shop. The IOSS electronic portal allows for the declaration, collection, and paying of import VATs by the seller instead of the buyer upon the goods delivery into the EU. Goods with a value over EUR 22 will have a VAT irrespective of their value. The benefit of IOSS is that the VAT is charged once to the seller, meaning that there is no surprise charge to the buyer upon the good's entrance into the EU.³¹



BARRIERS & BENEFITS

Germany has a strong market and well-developed infrastructure with the best shipping logistics in the world.³²



Merchants Can Do To Optimize



LOCALIZE, LOCALIZE, LOCALIZE

If 50% of German shoppers won't buy from a non-German website, localization is essential. Localizing your site regarding language, currency, payment methods, and shipping options is necessary if you plan to win over the German consumer.³³



ENSURE A SMOOTH RETURN PROCESS

Germany has the highest return rate in Europe, and they expect free returns. By ensuring that you optimize your return process, you can build trust and brand loyalty with the German consumer.³⁴



ENHANCE CONTENT MARKETING

80% of German consumers who respond positively to your content marketing go on to make a purchase. And 63% will make a long-term switch to your brand. Content marketing can make a big difference to your success in the market. Capitalize on this by providing meaningful, data-driven content that avoids showing off. Don't be afraid to inject some humor, either. ³⁵



Ready to expand your business to Germany? Reach can help.

In the excitement about sharing your brand with the world, it is easy to forget the critical part global payment solutions play in the success of your business when entering new markets.

Reach understands global consumers and how changes in their shopping experience affect your business. Our experienced legal, financial, compliance and local-market experts provide in-depth global analytics for your business, as well as duty and tax calculations so that you can expand your business to new markets with certainty and ease.



WEBSITE
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CONNECT
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BLOG
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