



**Cross-Cultural Comparison of the Business Culture and Marketing in Germany and the United States**

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## **I) Introduction**

Despite increasing globalization and the convergence of cultures, cultural differences shape the current world view. What is meaningless to most of the world's population and does not play an important role in everyday life represents a major challenge for many advertising companies or advertising departments of global companies. It raises the question of whether advertising can be standardized across all countries and cultures or whether it does not always have to be at least partially culturally adapted in order to achieve optimum advertising success.

That trying to use the same strategies and products everywhere can be critical can be seen in the Walmart case. In 1998 they took over “Wertkauf” and “Interspar”, which are German supermarket chains. In 2006 they were forced to withdraw from Germany and its market. While there is not one main reason why Walmart failed in Germany, there are multiple explanations for it. Walmart tried to apply their successful formula from the United States without any modifications in Germany and that was the problem. However similar the German and the American culture seem, there are still substantial differences that Walmart did not adapt to. Examples are that Germany is too focused on sustainability, that the German population is very critical towards American name-brand retailers, and that they also prefer small neighborhood grocery stores over big chains. Another major problem was that the American business culture, which was hard to implement in Germany. Cashiers were forced to smile during the whole check out process, and shifts were started by group chants, both are unusual in Germany. The following paper focuses on differences in German and American business culture as well as advertisement to show how companies can adapt to the different markets in order to maximize international success.

## **II) German Business Culture**

One of the most important things to Germans is punctuality. Rather than arriving right on time, they tend to arrive up to 15 minutes earlier. It is a form of showing respect to the person you are meeting with, because everyone has strict agendas. In case of any delay, you are expected to let the other person know ahead of arrival and explain your situation. Another important topic in Germany is dress code. Appearance and the way you present yourself are particularly important in the German business culture. Businessmen usually wear a dark-colored, business suit, a tie, and a white button shirt. Women either wear dark suits as well or a conservative dress. Also, at least before Covid, it was a typical gesture to shake hands in Germany. No matter if it is a client, colleague, employer, or employee. You shake hands with your right hand while your left hand should not be in your pocket because that is seen as disrespectful. Also, eye contact during the handshake is especially important. Germans have a very direct way of speaking to each other and do not try to be overly friendly. They also do not like small talk. They are at work to get their job done and they do not want to waste a lot of time on talking about irrelevant things. While this method of communication might seem short and unfriendly, it is simply efficient. Furthermore, there is a clear separation of private and public spheres. Usually, your private life and your work life in Germany are separated because the personal life of all employees is highly valued and so is privacy. This makes it hard sometimes for people who come there to work, because there are limited ways to build private contacts or friendships at work. In the German language there are also different levels of formality. There is the formal “Sie” and the informal “du” to address a person. A lot of times, especially in the

business world, people stick to the formal version. Sometimes a person offers you to use “du”, however, this should only be done by either the older person or the one with the higher standing.

### **III) American Business Culture**

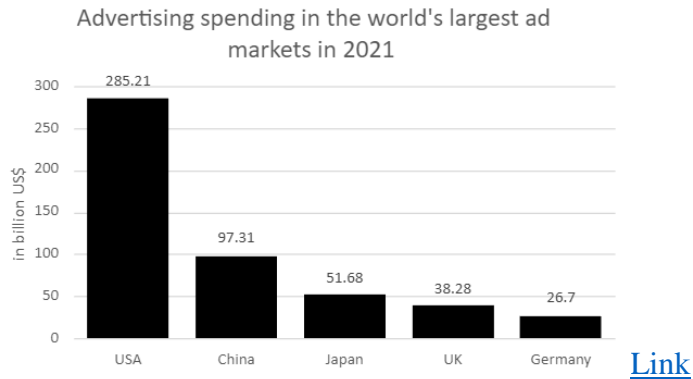
In the United States punctuality is expected as well. You are supposed to arrive on time if not even slightly early to show professionalism. Tardiness is a sign of disrespect and if you have any delay you are supposed to let the other party know as soon as possible. However, often meetings can be casual, depending on how serious the topic is, and the atmosphere tends to be friendly and open, and they might even introduce humor into the conversation. They come across as very friendly and open people in business and even though they are warm and welcoming they might not look to build personal relationships with work and business partners. Usually, there is a separation between work and personal life, which is like Germany. The business culture in the US is mostly individualistic, where employees usually get motivated by their own careers. They are also known as a hard-working culture, as they tend to work longer than in other western countries. Their business culture is money-driven and efficiency-oriented. They have a strong belief that only hard work brings you success, not status or age. As a greeting a firm handshake is the norm, while making eye contact and smiling. A respectful distance of two to three feet is normal and expected. You are also supposed to address your business partners formally and with their title when meeting them for the first time. The required attire depends on the region, the industry and the company you work in, however, there seems to be a shift from business professional to business casual.

### **IV) International Companies and Intercultural Product**

Now focusing on how to market a product interculturally, there are three different approaches to doing so. The first is to take the exact product as well as advertisement and just change the language, everything else remains the same. The second option is to keep the product the same but adapt the advertisement to the specific culture. The third is to adapt the product to the new market regarding for example taste or design and with that most likely the advertisement is going to change as well. While the first option seems to be the easiest, a lot of global companies tend to use the second or even third approach to better reach the people in the specific countries. Some differences in advertising that can be noticed are explained in the following.

### **V) Overall Spending on Advertising**

The United States spend the most overall in terms of absolute dollars spent, as well as in terms of percentage of gross domestic product. The percentage of GDP spent on advertising equals 1.36%, which equals an overall spending of \$285.21 billion dollars. These numbers keep increasing and it is projected that Americas ad spending will go up to \$364.9 billion dollars just by 2024. Germany is in 11<sup>th</sup> place worldwide in advertising spending as a percentage of GDP. It accounts for 0.67% which makes up a dollar amount of \$25.75 billion. While there was a big \$2 billion increase from 2015 to 2017, the industry has been steady ever since and the numbers have not changed significantly.



This chart emphasizes how much bigger the American advertising market is, in overall spending, compared to other countries. Germany is in 5<sup>th</sup> place worldwide behind China, Japan and the United Kingdom.

## VI) Advertising Channels

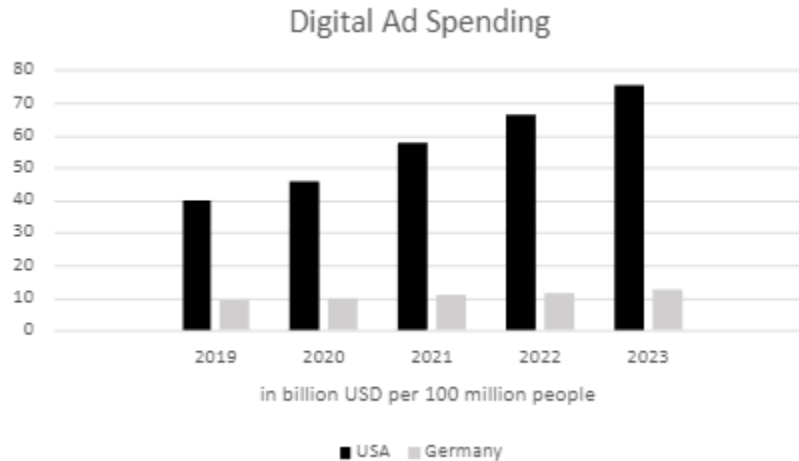
One of the main reasons why different countries have to rely on different delivery methods for their advertisement is that each country's media consumption differs.

Germany spends around half of their advertising money, 48.5%, on internet ads. The second biggest channel is TV ads which make up for 19.2%. While this seems to be a very outdated and traditional way to advertise, Germany still spends 13.3% on newspaper ads. Magazine ads account for 11.1% and radio, cinema, and out-of-home ads are the smallest portion with only 7.8%.

Now looking at the United States their internet ads make up for more than half of their advertising money, they spend 64.2% on it. In second place are TV ads with 21.9%. They spend 2.8% on newspaper ads, 3.2% on magazine ads and 7.9% on radio, cinema, and out-of-home ads.

The United States spend a much higher percentage on digital advertising such as internet and TV. While those two media are also the biggest in Germany, they still spend a fair amount of money on newspaper and magazine advertising, which are both close to zero in the United States. Overall, you can say that the United States prefer a more modern approach, while Germany still sticks to traditional marketing channels as well.

Looking at the numbers the United States spent 129.34 billion US-Dollars on digital marketing in 2019, which makes up for around 54.2 percent of their overall advertising spending. In comparison, Germany only invested around 7.28 billion Euros, which equal 36.7 percent of their overall marketing spending. Considering the fact that the population of the United States is around four times as high as the population of Germany, they still invest much more money into their digital advertising.



[Link USA](#) [Link GER](#)

## VII) Social Media Marketing

Another marketing channel that's relevance has been increasing exponentially in the last couple years is social media. It is in Germany, as well as in the US, one of the most important marketing tools nowadays. To determine the effectiveness of social media marketing in both countries you have to look at the usage of social media first. In 2022 there were around 60.88 million social media users in Germany. With a population of 84 million people, it equals around 72% of the population. There has been an increase in social media users in Germany of around 32 percent in the last 5 years and by 2027 there are expected to be 73 million social media users in Germany. In the United States there are around 295.5 million people using social media in 2022. With a population of 332 million people, it equals to around 89% of the entire population. The United States seem to be ahead of Germany and its social media usage which obviously makes social media marketing even more effective there.

## VIII) Regulatory Differences

Another reason why the United States are so far ahead regarding their marketing and advertising, is the data protection and integrity issue and the different regulations in Germany and the US. While in Germany the data belongs to the individual, in the United States the data belongs to the rightful owner. While it has always been like that, it is becoming more and more relevant in times of digitalization. The initial idea of the internet was to offer borderless communication in a largely lawless state, however, that created a lot of problems. So, while Germany has a privacy-first mindset, the United States tend to favor the companies that collect and use personal data, as the commercial purpose exceeds the importance of data privacy. That allows American companies to collect significantly more data about their customers which then gives them better insight and opportunities on how to effectively target specific people.

## IX) Different Cues

When looking at ads and marketing messages you can notice that the cues used in the two countries are very different. Consumer or also called brand cues include a variety of visual, written and spoken messages that affect the consumer buying behavior.

Information Cues	American Sample %	German Sample %
Price-value	18.0	<b>24.0</b>
Performance	38.0	<b>59.9</b>
Nutrition	5.3	<b>21.0</b>
Packaging	<b>17.3</b>	4.6
Shape and Design	<b>16.7</b>	3.2
Safety	1.0	<b>11.2</b>

The table shows that while German advertising focuses on the price-value of a product as well as aspects such as nutrition and performance, depending on the industry, American advertising focuses more on packaging and the shape and design of the products. [Link](#)

### X) Price vs. Quality

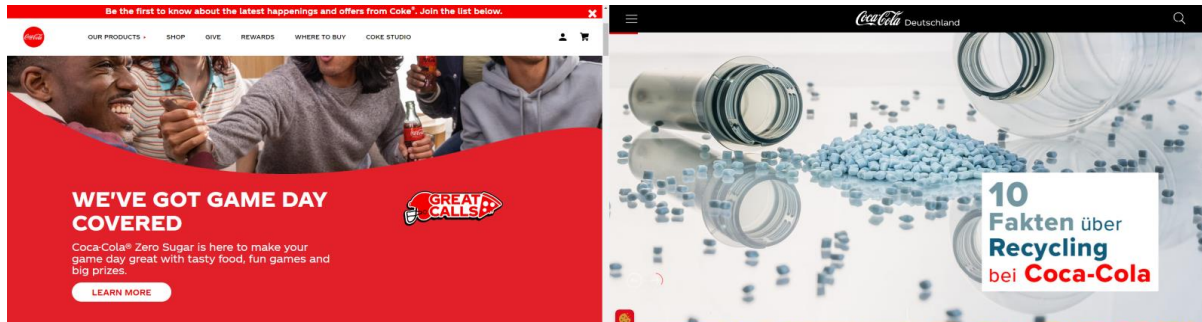
Another difference that can be noticed between the two countries is how they value quality and price. Looking at the United States, customers are often attracted by low prices compared to competitors. The quality of the products comes often in second place. In Germany, however, quality is one of the main factors in the decision-making process. That is why in German marketing the focus is often on quality. The culture there convinced people that if something is cheap, the quality cannot be as good.

### XI) Websites

Even comparing websites of global companies such as Coca-Cola you can notice substantial differences in design as well as content. One difference can be found in headings.

The image shows two side-by-side website banners for a CRM platform. The left banner is in English and features a short heading: "Get back to growth with the world's #1 CRM, powered by Customer 360." Below it is a subheading: "Discover how adidas can provide the fastest and most intelligent service on the customer's preferred channel, via mail, web or social media, with 1,100 support agents." There are two buttons: "START MY FREE TRIAL" and "WATCH DEMOS". The right banner is in German and features a longer, more descriptive heading: "Sorgen Sie für das perfekte Kundenerlebnis - mit der führenden CRM-Plattform." Below it are two buttons: "KOSTENLOS TESTEN" and "DEMO-VIDEO ANSEHEN".

On the left side you can see the US website of a company called "Salesforce" and on the right side you can see the German website. What can be noticed first is that the American heading seems shorter, while the German heading seems to be longer, more descriptive and with more information. Word for word it says "Create the perfect customer experience - with the leading CRM platform." However, the German website does not have a subheading, while the American website does follow their short heading by a more descriptive subheading. Another difference that can be noticed is the use of numbers and shorthand. American websites like to use claims such as "#1" or "24/7" to get their customers attention. German brands, however, rather spell it out and say "the leading brand" instead of "#1".



Another difference can be found in the content of the websites. On the left side you can see the home screen of <https://us.coca-cola.com/>, the American Coca-Cola website. On the right you can see <https://www.coca-cola-deutschland.de/>, the German Coca-Cola website. What you can see here goes hand in hand with the topic's above. On the American website you can see a short, fun heading with a subheading below. They are trying to convey the feeling of gameday by using phrases such as “tasty food, fun games and big prizes.” They also used a picture of friends having fun together, laughing, drinking Coca-Cola.

Then there is the German website. It shows a slideshow in the main area with ten slides, addressing different issues. In the picture it says, “10 facts about recycling at Coca-Cola”, trying to show that Coca-Cola values sustainability. There are four more slides addressing different sustainability concepts are measures that they are taking. Another slide talks about Diversity and LGBTIQ and there is one explaining the sweeteners they use. All those are frequently discussed, critical issues in Germany.

## **XII) Conclusion**

Overall, you can say that while the world seems to get more and more globalized and homogenous, there are still major differences that need to be considered in different countries and cultures. One is the different business cultures when trying to do business in another country. The main differences in the American und German business culture are the individualism and the welcomeness and openness of Americans. Another one is that different cultures value different attributes of products. While the German market seems to be more focused on quality and performance the American market is more interested in lower prices and the design of products and packaging. For maximal effectiveness those factors need to be considered in the advertising process. Furthermore, websites should also be adapted to the specific cultures, not just by their design but also by its content, because it plays an important role in creating a brand identity and positioning your brand.

## **Acknowledgments**

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