



Dialogue Marketing: How to Enter and Succeed in the German Market

Why now is the time to enter the German market and how dialogue marketing can build a solid bridge to consumers and boost your sales and revenue.

Abstract

E-commerce is thriving in Europe's largest economy, and Germans are eager to exercise their growing purchasing power. It's the perfect time for e-commerce businesses throughout Europe and beyond to take a closer look at entering the continent's consumer powerhouse. But how do you get across the border and meet German consumers?

Dialogue marketing is the answer. It builds a solid bridge to the German market, bringing you up close and personal to German consumers. Dialogue marketing is also a key part of the marketing mix in Germany. This white paper explains the enormous potential for foreign e-commerce businesses in Germany and how dialogue marketing can connect you to consumers, raise your brand awareness, and ultimately increase your sales and revenue.

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Introduction

If you haven't taken a close look at the German market lately, it's time you did. E-commerce is thriving in Europe's largest economy, where the online marketplace is well established and consumers are willing to exercise their growing purchasing power.

The question, of course, is how to cross the border and meet German consumers. Dialogue marketing is the answer. It builds a solid bridge into the country, bringing you closer to German customers. And it is a key part of the marketing mix in Germany, generating excellent response rates and brand engagement. That's because promotional physical mail is experiencing a revival. As German lifestyles become increasingly digital, consumers enjoy finding something tangible on their doormats – it makes them feel appreciated, starts a physical dialogue, and creates a positive perception of your brand.

This white paper explains why there is enormous potential in Germany for e-commerce businesses throughout Europe and beyond, and how dialogue marketing can connect your business with German consumers, raise brand awareness, and ultimately increase sales and revenue.

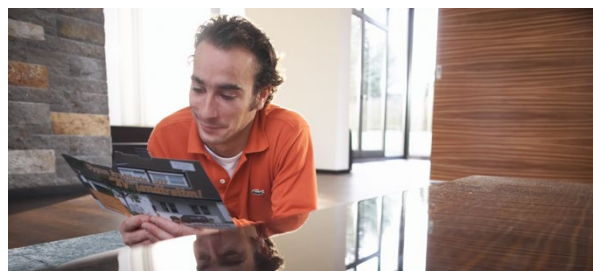
"There is enormous potential in Germany for e-commerce businesses throughout Europe and beyond."



What is Dialogue marketing?

Dialogue marketing encompasses all marketing and advertising activities aimed primarily at starting a direct dialogue. The approach includes targeted campaigns with clear calls to action via a specific response mechanism rather than anonymous backchannels as well as personalised customer loyalty programs.

Market entry can be tricky



Entering new markets or expanding your sales and marketing activities outside your home country can seem overwhelming, risky, or not worth the effort. Indeed, many online shoppers still prefer purchasing products domestically. There are a number of reasons for this: some fear high shipping costs and long delivery times, others don't want the hassle of problematic returns and refunds, and certain people simply don't trust foreign shops. In fact, 56% of all online shoppers in Germany have never ordered outside the country

The risk is low and the effort is worth it – but how to find, engage, and build a customer base? What you need is the right bridge to the right consumers. Dialogue marketing can help build that bridge. It encourages customer engagement by taking a direct, personal approach. And in the 21st century, dialogue marketing is backed up by the power of big data to target consumers and maximise success. Cross-media strategies boost your campaigns, and response management tools optimise revenue.

“Germans are looking beyond their border in ever increasing numbers.”

– a relatively high number compared to other European countries. So far, Germans prefer their home market.

The good news is that there's a clear trend: Germans are looking beyond their border in ever increasing numbers. The internet, globalisation, and Germans' love of travel are among the contributing factors to this trend. Online shopping makes it easy for consumers to order your products anytime and anywhere, not to mention book holidays from the comforts of their own homes.

International logistics is becoming more efficient and less costly, and Germany's mature mail and parcel delivery sector means fast delivery times and low-hassle returns (including international returns). What's more, cost-conscious Germans are increasingly looking abroad for lower prices and products or brands not available at home.

In Germany, dialogue marketing is an essential tool for building that bridge to a powerful and profitable market – one with a huge number of potential customers in a growing pool of online shoppers. If done right, you will identify new customers and/or reignite interest among existing ones.

Why Germany?

Domestic e-tailers and other e-commerce businesses in Germany already know what you're about to find out: Germany has enormous potential. It is a dynamic, promising yet complex country with a large population and high purchasing power. Germany is home to the largest economy in the European Union (EU) and the fourth largest in the world. Nearly 90% of the population lives in cities or urban areas, and over 80% shop online. With a nationwide mail and parcel delivery network that reaches every single household in the country, Germany is the quintessential ecommerce marketplace.

As Europe's leading postal service, Deutsche Post has unique insight into Europe's largest market. And since there is no better introduction than a formal one, allow us to introduce you to the German market – to "Meet the Müllers" – and discover the wealth of opportunity awaiting your ecommerce business.

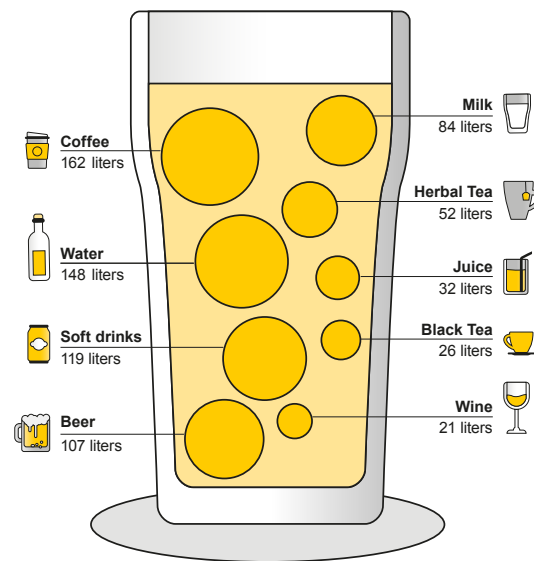
Meet the Müllers

Most common family names in Germany



Source: Duden

Annual per capita beverage consumption in Germany



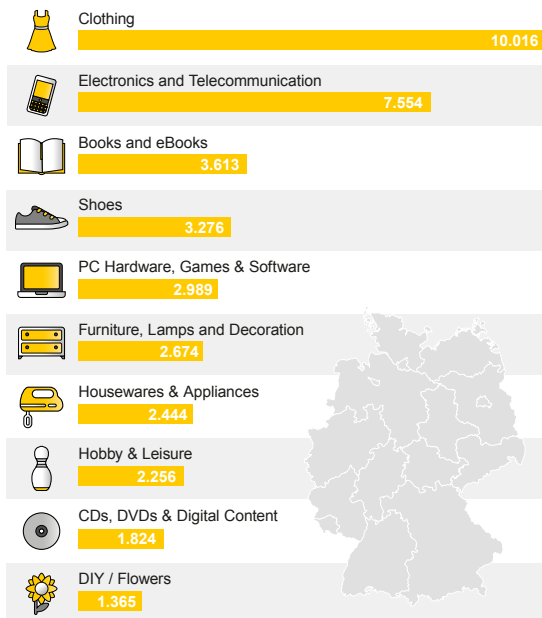
Source: Associations of German Beverage Industries, Federal Statistical Office

There is usually a grain of truth behind every stereotype, and even Germans see themselves as punctual, hard-working, and beer loving. But you may be surprised to find out that Germans consume more coffee than beer each year. Müller is indeed the most common surname in Germany, and the average German earns just shy of €32,000 a year and spends over €500 a year on the internet.



Eight out of ten Germans shop online, putting the country in third place among Europe's top e-commerce nations, just behind UK and Denmark. The most popular products that German consumers buy online are clothing, electronics, and (e)books,

Top 10 e-commerce categories in Germany (2015 revenue in million Euros)



Source: BEVH

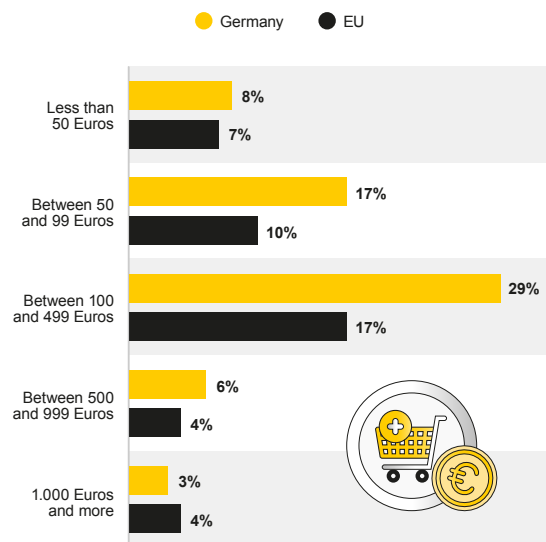
with shoes and computer products (hardware, games and software) not far behind.

A European powerhouse

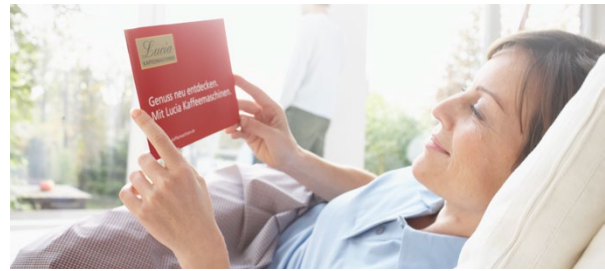
The figures speak for themselves. Germany is one of Europe's key markets for e-commerce. It is one of the strongest economies, has the largest population, and its residents have a comparatively high and constantly growing purchasing power.

Germany is the world's fourth largest economy and the largest market in the EU. The average GDP per capita is €37,099. Small and medium-sized enterprises (SMEs) represent 99.7% of all firms, employing 70% of the population.

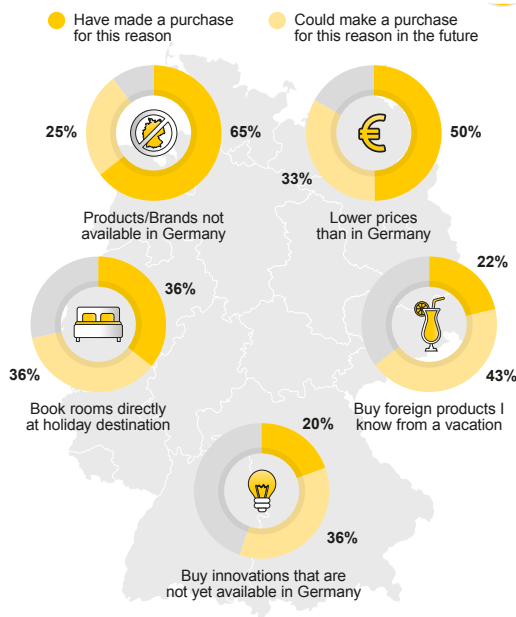
Percent of the population who spent the following amounts online in the past three months (as of 2015)



Source: Eurostat



Motives for being interested in or actually making purchases in foreign online shops



Base: 3,107 German cross-border online shoppers
Source: Internet World Messe, Fittkau & Maas Consulting

Germany has the largest population of all EU member states with 82 million people (including 42 million women). Some 66 million have shopped online. The vast majority of the population lives in cities and urban areas (89%). The country is home to more than 81 cities with over 100,000 inhabitants.

Add the percentages of the Austrian and Swiss online consumers – 89% and 68%, respectively – who regularly shop in Germany due to the common language similarity, and your pool of potential customers rises by 6.7 million.

The German population has a high and consistently growing purchasing power – €1.7 billion for the country as a whole. In 2015, Germans

“The German population has a high and consistently growing purchasing power.”

spent some €46.9 million online, and forecasters predict this figure will continue to grow along with the global e-commerce market.

Cross-border shopping is also growing in Germany. Consumers are increasingly finding lower prices outside the country, buying innovative products, or seeking goods or brands not available in Germany. Germans are also growing accustomed to booking accommodation and holiday packages directly from their destination – and they often opt to buy foreign products they discovered on holiday after returning home.

Still, some 56% of all German online-shoppers have never ordered internationally, representing a huge opportunity for ecommerce businesses outside the country to profit from the increasing interest among German consumers to shop in the global marketplace.

Dialogue marketing – your bridge to the German market

In order to connect with “the Müllers,” you need an intimate understanding of their consumer behaviour, the ability to target those households with the greatest purchasing and activation potential, a way to reach them at home, and an attention-grabbing, action-inducing campaign. And most importantly, you need return on investment.

“Dialogue marketing is now a key part of the marketing mix, generating excellent response rates along with brand awareness and engagement.”

As communication and information-sharing continue to move from the physical world to the digital world, a renewed opportunity for physical promotional mail has arisen as many consumers now enjoy finding something tangible on their door-mats and in their (physical) mail boxes. Dialogue marketing is now a key part of the marketing mix, generating excellent response rates along with brand awareness and engagement. It offers a wealth of benefits:

- **Immediate interest and engagement** – as the volume of personal mail has decreased, well-designed and eye-catching promotional materials have become more attractive and fun to receive. Dialogue marketing is making (snail) mail interesting again.
- **Physical presence** – touching paper has an unconscious and undeniable appeal. The message is much more powerful on paper than on a computer screen. This is one of the key reasons dialogue marketing is so effective: it creates a physical bond between consumer and brand.
- **Targeting** – improved methods for identifying potential consumers give campaigns more impact by ensuring you target the correct audience.
- **Action** – a response-oriented design, targeted at the right people with the right message, is a powerful way of persuading consumers to place an order.
- **Attention-grabbing** – from shape and size to a choice of materials and colour scheme, dialogue marketing mail campaigns can be customised to create unique designs that demand attention.
- **Return on investment** – investing in print marketing is an important part of any multi-channel campaign and can generate added revenue in the long term.



Building the bridge

Conceiving and constructing a sturdy bridge to the German market requires a comprehensive set of tools and expertise. From data collection and analysis to response management and cross-media strategies, by designing and distributing your campaigns using a wide range of dialogue marketing tools and services, you will be more likely to reach the right consumers and increase your return on investment.

A number of dialogue marketing tools exist to address your needs:



- **Addressed mail** is a very powerful dialogue marketing medium because it takes a very targeted, personalised approach. Recipients are individually selected and you can maximise response by precisely targeting your pitch and sending tailored offers directly to your customers. This tool is perfect for approaching new and existing customers.

Key benefits:

- Send personalised, response-inducing mail to select customers
- High return on investment



- **Partially addressed mail** is designed to identify new customers by targeting households based on specific selection criteria. Your campaign will reach those households that best represent your target group, meaning you can reach out to your potential consumers even without address information.

Key benefits:

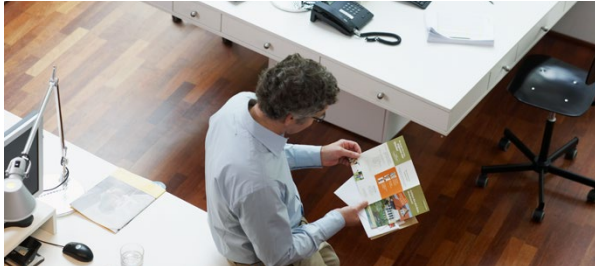
- Acquire new customers at a lower cost
- Reduce scatter losses and thus costs



- **Unaddressed mail** is ideal for targeting households in a specific area, city or region in Germany. It allows you to run a targeted dialogue marketing campaign without knowing specific addresses. You choose the delivery period and tailor the area targeted to achieve further-reaching and more effective communication.

Key benefits:

- Run a geographically targeted campaign without knowing specific addresses
- Monitor success and acquire addresses at low cost



“Building the bridge will get you into Germany, but there are a number of tools you can add to your dialogue marketing toolbox to boost your campaign and ensure it runs smoothly and successfully.”



- **Household advertising** in Germany reaches over 20 million households. Marketing campaigns are placed in a free magazine filled with other useful consumer information.
Key benefits:
 - Reach over 20 million households
 - Tailor your campaign to specific regions and localities

Boosting the bridge

Building the bridge will get you into Germany, but there are a number of tools you can add to your dialogue marketing toolbox to boost your campaign and ensure it runs smoothly and successfully.

Big data has been a buzz word for some time now and it plays a big role in the best dialogue marketing campaigns. Whatever your goals, **accurate data collection and analysis** is critical to success. You will want to work with experts in database management and data analysis, both of which are key to defining your target audience. Without them, targeting businesses, private consumers, households or even entire neighbourhoods is not possible. Predictive behavioural targeting of groups likely to be interested in your promotions along with typical consumer profiles to identify target groups are now essential. Address cleansing to remove invalid or out-of-date addresses ensures campaigns reach real people and costs are kept to a minimum.

Measuring and understanding the response to your campaign is another vital step of any effective dialogue marketing campaign. **Response management** ensures you identify which campaigns pay off for which target segment. Personalised URLs can be used to track and measure the customer's every online move, uniting the online and offline worlds and lowering the barriers that block people from taking action. Digital address



checks and mail returns management improve your campaign database and help optimise future campaigns. Defining goals and measuring performance can improve your campaign's success rate, increasing return on investment, and lower cost per order. A first-class dialogue marketing company can even use their database and best-practice experiences to forecast how successful your campaign will be.

Today's marketing experts understand the value of **cross-media marketing strategies**. However, not all of them understand the valuable role dialogue marketing can play in the mix. It can act as a remarkable reminder, an eye-catching teaser, or the tasty appetizer that leads consumers to your website. A dynamically designed flyer announcing your new product line will often trump an easily ignored email. As explained above, the power of print is on the rise. It can dramatically improve the success of online marketing campaigns and boost responses to classic advertising, like TV or radio.

Conclusion

e-commerce is alive and well in Europe's largest economy. Germans are both internet savvy and eager to exercise their growing purchasing power. Although they embrace the digital world and a mobile lifestyle, Germans increasingly enjoy the tangible pleasure of physical mail at their doorstep. With a nationwide mail and parcel delivery network that reaches every household in the country – the largest of its kind in Europe – coupled with today's tools for designing, targeting, monitoring and boosting marketing campaigns, there's really no more attractive marketplace than Germany.

Dialogue marketing can build the bridge you need to German consumers – to “Meet the Müllers” – and win them over. In Germany, it is a key part of the marketing mix, generating excellent response rates and brand engagement. Whether you want to find new customers or reignite interest among your existing customers, dialogue marketing is an effective tool for tapping into Europe's consumer powerhouse. If you haven't taken a close look at the German market lately, it's time you did.

Additional resources



Dialogue Marketing – build customer engagement in Germany and beyond with a direct approach

www.deutschepost.com

About the authors



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