
Entering the German Market

Case Study: Barisma Oy



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ABSTRACT

Social networks are developing rapidly in today's online world. Websites such as Facebook or Twitter gain users daily. But not only private users discover the convenience of such websites, also businesses discover the opportunities online networks offer, making special niche segments a requirement to navigate through the overcrowded world of online networking.

This thesis takes a look at the opportunities for one such niche business outside its home market Finland.

The commissioner of this thesis is Barisma Oy, a newly established Finnish internet based business with headquarters in Lahti, Finland. The company combines social networking with search functions, serving the needs of "Going Out businesses" such as bars, cafes and related businesses and their customers, workers and owners.

The objectives of this study were to get familiar with the concept of market entry (1), to analyze buying behaviour (2), to explore the idea of social media and social networking (3), to analyze the German market as a target market (4), to introduce the most suitable market entry plan for Barisma Oy (5), and to recommend the next steps in the implementation process (6).

Concepts such as market entry, buying behavior and social networking create the theoretical framework of this thesis.

Besides gathering information from secondary sources such as books, theses, online articles and websites through desk research, primary data was gathered through surveys and interviews.

This paper resulted in a survey of the German market and a strategic implementation plan for Barisma to enter the German market.

Keywords Market entry, social networking, German market, Going Out Industry

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CONTENTS

1	ABOUT THE THESIS	1
1.1	Background information	1
1.2	Commissioning company	2
1.2.1	Business idea, mission and vision	2
1.2.2	Target segments, products and benefits.....	2
1.3	Research question and objectives.....	4
1.4	Research methods.....	5
2	THEORETICAL FRAMEWORK.....	6
2.1	Market entry	6
2.1.1	Criteria for good market entry	6
2.1.2	Franchising	8
2.1.3	Sales agents	9
2.2	Buying behaviour	10
2.2.1	Consumer buying behaviour.....	10
2.2.2	Model of consumer behaviour.....	10
2.2.3	Influencing factors.....	11
2.2.4	Types of buying decision behaviour.....	13
2.2.5	Buying decision process	14
2.3	Social media and social networking.....	15
2.3.1	Definition.....	15
2.3.2	The POEM concept	15
2.3.3	Importance of social media	17
2.3.4	Future of social networks	18
3	MARKET RESEARCH : GERMANY	19
3.1	Country introduction	19
3.2	Macroeconomy.....	19
3.2.1	Business environment.....	20
3.2.2	Legal and political considerations	20
3.2.3	EU membership	21
3.3	Doing business in Germany	22
3.3.1	Setting up a business in Germany	22
3.3.2	Business culture.....	23
3.4	Industry analysis.....	25
3.4.1	Social network business	25
3.4.2	Going Out industry	25
3.4.3	Use of social networks in the Going Out industry	27
3.4.4	Survey results	28
3.4.5	Customer buying behaviour	29
3.4.6	Competition analysis	30
3.4.7	Distribution channels.....	33
3.5	Risk management	34
4	MARKET ENTRY STRATEGEY: BARISMA OY	36
4.1	Company review	36
4.2	Target market review	36

4.3	Segmentation and positioning	37
4.4	Marketing mix – The five P's	41
4.4.1	Products and services	41
4.4.2	Price	42
4.4.3	Place	42
4.4.4	Promotion	42
4.4.5	Personnel	44
4.5	Branding, perception and image building	45
4.6	Competition	45
4.7	Financial considerations	47
5	TIME FRAME FOR IMPLEMENTATION	48
6	CONCLUSION	50
7	REFERENCES	53

APPENDICES

Appendix 1 Maslow's theory of motivation – hierarchy of needs

Appendix 2 Top tips on German business culture

Appendix 3 Interview

Appendix 4 Nutzerumfrage

Appendix 5 Umfrage Betriebe

1 ABOUT THE THESIS

1.1 Background information

“Social media is like a snowball rolling down the hill. It’s picking up speed. Five years from now, it’s going to be the standard.” – Jeff Antaya, chief marketing officer of Plante Moran (Bard, M. 2010.)

“Social media isn’t the end-all-be-all, but it offers marketers unparalleled opportunity to participate in relevant ways. It also provides a launchpad for other marketing tactics. Social media is not an island. It’s a high-power engine on the larger marketing ship.” – Matt Dickman, technomarketer.typepad.com (Bard, M. 2010.)

“Whether something brings them joy or pain, when people share and engage in communities, they form bonds and relationships with others who acknowledge their situation.” – Liana Evans, from post on Search Engine Watch (Bard, M. 2010.)

Rapidly developing technologies are having an enormous influence on the society, business, and other aspects of life. Social media and especially social networking are one of the latest developments changing the ways of how marketing and customer relationship management are nowadays handled by an increasing number of businesses.

The author of this thesis finds the above mentioned quotations about social media particularly true. People have found a new way of networking and making their life public with the goal of finding “partners in crime” through online channels. As an increasing number of people engage in social communities, this form of relationship management certainly will become standard. This, however, does not mean that social web services need to be standardized. Instead, they are required to offer a wide variety of services and solutions to the community, leading to an increase in business opportunities. Many businesses already recognized the importance of engaging in social networking simply because their customers do. They have noticed the easiness of managing customer relations. Many businesses, however, still struggle to use the new media in the right way.

One such business opportunity in the social media area is Barisma Oy, a rather newly established Finnish company, created as a social community serving the needs of the Finnish bar, nightclub, and cafe industry, their employees and customers. With the vision of becoming the most recognized web service for bars, nightclubs, cafes, and their customers on a local and global basis, company strategies need to be developed to penetrate the global market place and to fulfil this vision.

This thesis focuses on the German market as a target for Barisma Oy, by providing a market research and strategy to enter the market.

1.2 Commissioning company

The commissioning company is Barisma Oy. The idea of founding Barisma was developed in 2008 by Walid O. El Cheikh and was finally founded as a company in March 2011. Barisma is a social web service and brand dedicated to the bar, nightclub, and cafe industry. In January the beta version of the web service was made available and Barisma was initially released in Helsinki, Finland in June 2011. The goal was to conquer the Finnish market as a whole in the near future, followed by the European and American market. (Barisma Oy, Business Plan 2011.)

1.2.1 Business idea, mission and vision

The business idea is to provide an internet based service to help people share, search for, and discuss about their experiences of visiting bars, nightclubs, and cafes. In order to provide this service, Barisma Oy offers online packages to venues in order to help to improve their operations and assist them in the process of reaching customers to ultimately increase customer satisfaction. (Barisma Oy, Business Plan 2011, 3 - 4.)

Barisma Oy aims at creating a unique and global web based service that aids people in finding their favourite going out places faster and easier than by any other internet service currently available. The goal is to equal the search quality of Google when searching venues, and add to social networking websites by bringing new users together. Barisma Oy has a vision to launch its service in the near future in all major European and American markets and become known to the world as the place to explore the best or most fitting venue for people regardless of their geographical location. Local agents and offline operations with venues on a global basis provide the tools to reach this vision. (Barisma Oy, 2011, 3 – 4.)

Supplying people going to bars, nightclubs, and cafes with the tools to find the top venues, and linking people with their preferred venue in order to improve their experience when going out in real time on a local and global basis is the mission of Barisma Oy. (Barisma Oy, Business Plan 2011, 3 - 4.)

1.2.2 Target segments, products and benefits

The target segments include website users, which are bar workers and customers of bars, nightclubs, and cafes. Direct clients are the second segment and include owners, professionals, and companies in the industry. (Barisma Oy, Business Plan 2011, 11.)

Products and services offered to website users include:

- Basic membership for users free of charge
- VIP membership for additional benefits and a small membership fee

Registering as a user is free of charge. After registration, each user can obtain a VIP sticker which can be bought for a small fee from a collection point. This sticker allows members to receive discounts from their favourite venues. In addition users can add venues and receive credits, which can be turned into discounts. Another function is to connect with friends and post messages on their wall. (Barisma Oy, Products 2011, 7 - 9.)

Products and Services offered to venues include:

- Free web page
- Activation
- Offering discounts to Barisma members
- Collection point
- Premium
- Sponsorship

Barisma Oy offers free web pages for venues including the following main functions: info, my Barisma, photos, videos, and events. The free web pages also offer the feature to connect with other social platforms such as Facebook, Twitter, and MySpace. Benefits of the free web sites are the possibility to attract new customers and maximise the venues exposure. (Barisma Oy, Products 2011, 7 - 9.)

As every user can add a new venue, activation fees are paid by venues claiming their profiles. Activation fees are charged once and range from 50 to 400 euro, depending on how quick an account is claimed. However if venues fail access their account once a month to update their profile, the account becomes inactive and the fee for activating is charged again. The main benefit of activating the venue profile is the possibility of managing and posting news on the venue profile. (Barisma Oy, Products 2011, 7 - 9.)

Premium accounts are available for an annual subscription fee, starting from 300 euro. With a premium account venues have the opportunity of an improved exposure leading to a higher opportunity to reach potential customers. For example they will be displayed at the top of the search display, and professional keywords as well as additional information can be added to venue profiles. (Barisma Oy, Products 2011, 7 - 9.)

By offering discounts to Barisma members, more members will be acquired and in turn the venue has the possibility of more clients. As people love discounts, discounts are an efficient marketing tool. Besides rewarding regular customers, also sales will increase in the long run. In order to offer discounts, a venue needs to acquire a premium account first. Collection Points are an innovative word of mouth and promotion tool available for premium members, by making VIP stickers available to customers. A VIP sticker is bought for 1 euro by the venue and can be resold to the customer for 2 euro. VIP stickers are a loyalty programme in itself and improve customer relationship as well as sales. (Barisma Oy, Products 2011, 7 - 9.)

As Barisma is becoming available globally, sponsorship can enable off-line exposure in addition to online presence starting from 2000 euro. (Barisma Oy, Products 2011, 7 - 9.)

1.3 Research question and objectives

The research question of this thesis is: “How can Barisma Oy expand their business internationally and effectively enter the German market?”

The following objectives have been determined:

1. To get familiar with the concept of market entry
2. To describe buying behaviour
3. To explore the idea of social networking
4. To analyze the German market as a target market
5. To introduce the most suitable market entry plan
6. To recommend the next steps in the implementation process

The idea is to strategically “sell” the idea of Barisma and its usefulness worldwide by entering key markets step by step. This thesis has the purpose to deliver a market research of the German market as a potential target and suggest a strategy on how to enter this market.

Information about the thesis and commissioning company are provided in the first chapter of this paper.

The theoretical framework of this thesis is build by concepts of market entry (1), buying behaviour (2), and social networking (3) and will be described in detail throughout the second chapter. Having knowledge of these three areas is crucial to proceed with the thesis. Especially social media and networking is a field just starting to become important in business studies, thus the sources are limited to gather valuable information from.

The third chapter presents a market analyzes of the German market (4) in relation to its suitability as a target market for Barisma Oy. Besides the analysis of Germany’s macroeconomic development, the findings of the industry analysis are of special importance. Here the emphasis is on the current and future development of social networks in Germany and the changes the Going Out Industry is currently undergoing, focusing on bars, nightclubs, and cafes. Entering a foreign market without conducting a proper market research often leads to failure, since every market has certain characteristics and in most cases strategies working in one country cannot be used universally.

Using the results of the market research, a strategic market entry plan is suggested (5), including a five P marketing mix, branding and image building strategies, competition analysis, and financial considerations. The results of this recommended entry plan answers at the same time the research question, leading to a fulfilment of the purpose of this thesis.

After establishing a strategy, the next steps in implementing the strategy and penetrating the German market are presented (6).

1.4 Research methods

The research of this thesis is a combination of primary and secondary data and is conducted through desk and field research.

Primary data is gathered through two separate questionnaires, which are delivered to professionals and users. The questionnaires are distributed and answers are collected using webropol and social network websites. After launching the questionnaires, approximately two weeks are reserved to gather answers. After an initial e-mail is send, a second e-mail will be send after the first week and a third reminder about two days before the time ends. The goal is to have as many responds as possible from potential users and venue owners covering all parts of Germany.

Due to the low response rate, an additional interview has been conducted with a bar in Germany, in order to get a deeper insight view on the potential of the concept for Going Out businesses.

Secondary data is collected through desk research using available information. This information is gathered from books, e-books, internet search based on search engine results, and previous theses covering the topic.

2 THEORETICAL FRAMEWORK

The theoretical framework of this thesis is built up by the concept of market entry, including an analysis of a good market entry and the presentation of franchising as well as the use of sales agents as two market entry methods, which are considered important for the research and strategy part of this paper.

In addition the concept of consumer buying behaviour, including a model, influencing factors as well as types of buying behaviour and the actual buying process, are explained in this thesis. The chapter ends by defining social networking, its importance for today's business world, and its future outlook.

2.1 Market entry

The following sub-chapter describes certain theoretical aspects of market entry in relation to the topic of this thesis. After a look at the criteria for a successful market entry, two forms of the entry methods are explained in more detail. These two forms are franchising and sales agents. Theoretical knowledge of what franchising is and what a sales agent does are crucial in order to establish a market entry plan at a later point of this thesis.

2.1.1 Criteria for good market entry

According to Hollensen (2007, 297-302), when entering a foreign market certain factors influence the choice of entry mode. These influencing factors include internal and external factors, characteristics of the desired mode, and transaction specific behaviour.

Internal factors include the size of the company, previous international experience, and the product or service. A company's size is an indicator for its financial resources. Generally speaking the bigger the company, the more resources are available and the higher is the involvement in the foreign market over time. Even though a high involvement or control in the foreign market is desirable for any company, especially smaller and medium sized companies are usually not able to afford this high involvement in terms of financial resources. Therefore export entry modes requiring fewer resources might be more suitable for smaller companies. With the growth of the company and its resources, it will turn towards a more hierarchical mode. (Hollensen 2007, 297-302.)

In addition the amount of previous international experience strongly influences the choice of entry mode since experience reduces costs and uncertainty, and in turn raises profitability to a large extent. (Hollensen 2007, 297-302.)

Furthermore a product or service characteristic will affect the mode of entry to a large extent. For example a product's weight determines to a large

extent if an export mode is chosen or if manufacturing abroad is more suitable. Also the complexity of a product may influence the choice of a channel, as a highly complex product usually requires a high amount of after sales services, which intermediaries might not be able to provide. A high degree of control might be needed by services, where production and consumption occur coincidentally involving a higher degree of interaction between seller and buyer. (Hollensen, S. 2007, 298-299.)

External factors include sociocultural differences, country risk, market size and growth, trade barriers, and competition. (Hollensen, S. 2007, 300-301.)

Differences in the culture of home and foreign countries might affect the choice of entry mode as increased differences create uncertainty. The greater the differences in terms of business culture, economic system and culture, the more likely a company is to choose joint ventures instead of direct investments as the company has more flexibility to rapidly withdraw from the market. (Hollensen, S. 2007, 300-301.)

A risk analysis is also needed in order to determine the right market entry mode. When a country has a high risk, a company will probably favour entry methods with little resource requirements compared to a country with low risks. Moreover this is true considering market size and growth. If a market is large and growing constantly, a company will favour modes where a higher amount of resources are needed, such as establishing a wholly-owned sales subsidiary or majority-owned joint venture. On the other hand, when entering a small market with little growth, a company is likely to choose a mode less risky, such as exporting, where little resources are required. (Hollensen, S. 2007, 300-301.)

In addition trade barriers are a factor highly influential on entry modes. If a country has high tariffs or quotas on the import of foreign goods, a company is more likely to establish a production unit abroad or any other hierarchical method to avoid these costs. Some regulations may also encourage to “buy national” and a company would in this case rather choose joint ventures. Often when a country has high trade regulations or customs formalities, a company wanting to enter that country will favour any intermediate method as it can ease the access there. (Hollensen, S. 2007, 300-301.)

The last external factor is competition. The greater the intensity of competition the more favourable are export entry modes with low resources necessary. This is because high competition means less profitability as the market might be exaggerated. (Hollensen, S. 2007, 300-301.)

Characteristics of the desired entry mode may be influential considering its risk adversity, control and flexibility.

If a company is risk adverse, it will favour entry modes such as export or licensing as they require low financial and managerial resources.

Similarly as risk adversity is the influence of control and linked to the amount of resource commitment, companies favouring entry modes with little resource commitment often have little or no control. Generally speaking the amount of control increases with the amount of resources.

This might be conflicting as companies often want as much control as possible, but for the one or other reason do not want or cannot afford large amounts of resources.

Flexibility is another characteristic influencing the choice of entry mode. Hierarchical modes are usually the least flexible and intermediate modes often lack the ability to alter or change a strategy on a short notice. (Hollensen, S. 2007, 301-302.)

Last influential factors are transition-specific factors, which include for example a tacit nature of know-how. If a company's know-how is tacit, problems often occur when drafting a contract. These problems and the high costs involved often call for a hierarchical entry mode, with which tacit know-how can be better facilitate the transfer within the organisation. (Hollensen, S. 2007, 302.)

2.1.2 Franchising

Czinkota and Ronkainen describe franchising as a process where “a parent company (the franchiser) grants another, independent entity (the franchisee) the right to do business in a specified manner. This right can take the form of selling the franchiser's products or using its name, production, preparation and marketing techniques, or using its name.” (Czinkota, M.R. and Ronkainen, I. 2004, 240.)

Franchising is a growing business. In 2002 16,000 businesses worldwide with over 1 million franchisees generated over \$ 1.5 trillion in sales. In Britain 24% of franchisors and 30% of French franchisors are active abroad as well, indicating the international adaptability of the system. This is due to its market potential, the financial gains or the saturated home market. In fact in Malaysia franchising is a prosperous business, with a 90 % success rate. (Czinkota, M.R. and Ronkainen, I. 2004, 240.)

From the franchisors perspective, franchising offers great advantages but also disadvantages, which are ought to be considered and weight against each other.

Advantages include a greater degree of control than many other entry modes offer, a low-risk and low-cost as franchisees are the ones investing, often highly motivated and experienced business contacts are used, it allows to enter and develop new markets quickly and on a larger scale, it generated economies of scale, and it is a pre-step to future FDI.

Besides the positive sides of franchising, it also has drawbacks. It can turn out to be an expensive and time consuming task to find a proper franchisee as well as costly to develop a suitable package. As the franchisor has no full control over the operations, many problems can occur in areas such as quality control or communications. Also foreign legislation might cause problems such as money transfer issues or restrictions on the franchising contract put by government. In consideration should also be taken the fact that a potential competitor is created as contracts are not for life and the franchisee and possible competitor gains an insight look into the company. On the other hand if the performance of the franchisee is below expecta-

tion, it can cause a negative image or reputation influencing the operation as a whole. (Hollensen, S. 2007, 349.)

Hollensen (2007, 335-337) describes two types of franchising: product or trade name franchising, and business format “package” franchising. Product or trade name franchising are typically contracts allowing the franchisee to use the trade name, trade mark and product line. However package franchising is a more advanced system or method of entering a foreign market. The franchisor provides a package including all necessary elements to run a profitable business to the franchisee, thereby keeping control and regulation. Included in this package can be, for example, trade names, copyrights, designs, patents, trade secrets, business know-how, market research of the area, and selection of the location. Typically these packages also provide management assistance in setting up and running the business by the franchisor. In return the franchisee pays a start fee plus an annual fee to the franchisor.

When deciding on entering foreign markets, often country stability plays an important role in deciding which country to enter. Especially for new entrants, the starting of franchising is a learning process until a proven package has been developed, giving the opportunity to penetrate foreign markets and be competitive. (Hollensen, S. 2007, 337.)

2.1.3 Sales agents

Another form of entering a foreign market is with the help of sales agents. According to Hollensen (2007, 319) an agent is an “independent company that sells on to customers on behalf of the manufacturer (exporter). Usually it will not see or stock the product. It profits from a commission (typically 5-10%) paid by the manufacturer on a pre-agreed basis.”

Furthermore an agent can be divided into exclusive, semi-exclusive, and non-exclusive agents.

An exclusive agent is the most common form of entering foreign markets. This agent form possesses exclusive rights to a defined sales area. In comparison a semi-exclusive agents handles besides the exporters products other products, which are non-competitive. A non-exclusive agent handles various products, of which can be direct competitors of the exporters products. (Hollensen, S. 2007, 318.)

Commissions granted to the agents are based on the sales generated and may vary significantly depending on the service performed, market size and importance, and competition on the market (both exporters as well as agents’ competitors). Overall manufacturers or exporters can profit from certain advantages when choosing an agent. These advantages include the familiarity with the local market and cultural features, and the mostly pre-existing business networks of an agent. (Hollensen, S. 2007, 318-319.)

2.2 Buying behaviour

The following chapters analyze buying behaviour, what influences buying behaviour, what types of buying decision behaviour exists and finally explains the buying decision process.

2.2.1 Consumer buying behaviour

According to Kotler and Armstrong (2010, 159) a consumers buying behaviour is affected by many factors and for successful marketing it is essential to understand all these influences. Consumer buying behaviour is “the buying behaviour of final consumers – individuals and households that buy goods and services for personal consumption” and “make up the consumer market”.

As consumers around the world differ from each other in many aspects, it is necessary to understand these factors and how they can influence consumer buying behaviour. (Kotler & Armstrong 2010, 159.)

2.2.2 Model of consumer behaviour

On a daily basis consumers make decisions on what, where and how to buy. For a marketer studying these purchases is rather easy, but when it comes to why a consumer buys, the difficulties start. Often it is not obvious why a consumer makes a certain decision to buy – not even to the consumers him- or herself.

In order to understand the effectiveness of marketing, it is essential to look at the stimulus response model of buying behaviour shown in Figure 2.1 below. (Kotler & Armstrong 2010, 160.)

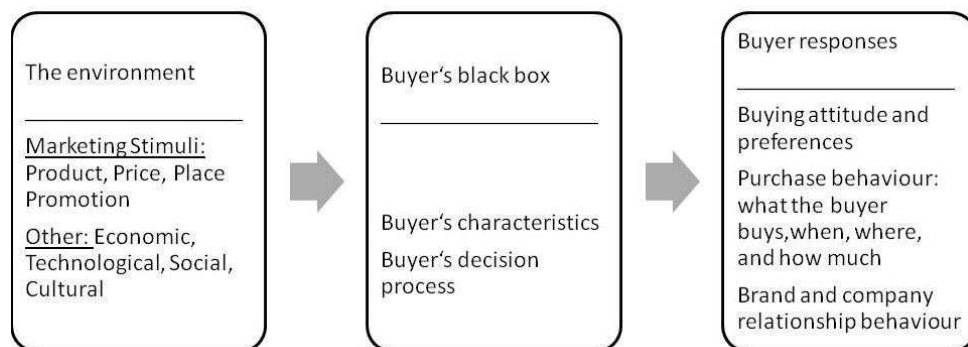


Figure 2.1 Model of Buyer Behaviour (Kotler & Armstrong 2010)

The figure suggests that different environmental stimuli (or factors) enter the so called “black box” of a consumer where they produce particular responses. For a marketer it is important to determine what the “black box” contains. The process of stimuli changing into responses consists of two parts: the buyer’s characteristics, which influences the perception and reactions towards the stimuli and the buyer’s decision process affecting behaviour. (Kotler & Armstrong 2010, 160.)

These two parts will be examined in more detail in the following sub-chapters.

2.2.3 Influencing factors

Factors influencing buying behaviour can be of cultural, social, personal and psychological nature and are explained throughout the following paragraphs.

Cultural Factors

Defined by Kotler and Armstrong (2010, 161), culture is “the set of basic values, perceptions, wants, and behaviours learned by a member of society from family and other important institutions”. In addition subcultures and social classes are a part of culture.

Subcultures are “groups of people with shared value systems based on common life experiences and situations”, while a social class is a “relatively permanent and ordered division in a society whose members share similar values, interests, and behaviour”.

As influences on buying behaviour among cultures can vary significantly from country to country, subcultures and social classes tend to share a likewise buying behaviour as they show similarities within their social class or subculture. (Kotler & Armstrong 2010, 161-164.)

Social factors

Social factors can be comprised of groups, family, social roles, and status. A group consists of “two or more people who interact to accomplish individual or mutual goals.” (Kotler & Armstrong 2010, 164.)

Often a reference group – one that can directly or indirectly influence or form a person’s behaviour by offering comparisons – are seen as highly affective to a person’s product and brand choices. By exposing a person to a different behaviour or lifestyle it can influence one’s attitude and self concept, creating pressure to adapt.

Online social networks are another form of group, becoming more and more important nowadays. According to Kotler and Armstrong (2010, 166-167.) an online social network is an “online community where people socialize or exchange information and opinions”. Social networking media, such as blogs, websites or virtual worlds, are a new form of high tech buzz marketing aiming at the promotion of specific products and/or creating a closer relationship with customers.

The following quotation describes the influence of online networks on buying behaviour.

“Personal connections – forged through words, pictures, video and audio posted just for the [heck] of it – are the life of new Web, bringing together the estimated 60 million bloggers, more than 110 million MySpace.com users (230,000 more sign up every day), and millions more on single-use social networks where people share one category of stuff, like Flickr (photos), Del.icio.us (links), Digg (new stories), Wikipedia (encyclopaedia articles), and YouTube (video)....It’s hard to overstate the coming impact of these new network technologies on business: They hatch trends and build immense waves of interest in specific products. They serve giant, targeted audiences to advertisers. They edge out old media with the loving labor of

amateurs. They effortlessly provide hyperdetailed data to marketers. The new social networking technologies provide an authentic, peer-to-peer channel of communication that is far more credible than any corporate flackery.” (Kotler and Armstrong 2010, 168.)

More about Social networking will be discussed in chapter 2.3.

Other social factors influencing buying behaviour are family, and roles and status.

Family is probably the most important consumer buying organisation in society, strongly influencing buying behaviour of their members. Also roles and status can control buying decisions. As each group member is assigned a certain role or upholds a certain status within that group, products are chosen appropriately. (Kotler and Armstrong, 2010, 169-170.)

Personal factors

The next group of influences are personal factors, including age and life-cycle stage, occupation, economic situation, lifestyle, and personality and self-concept.

Age and life-cycle stage have a strong impact on buying behaviour. When a target market is segmented by its life-cycle stage, appropriate products are developed to meet the needs of customers. A good example is RBC Royal Bank, who identified the following five life stage segments in order to serve the specific needs of their customers:

1. Youth – under 18 years
2. Getting Started – 18 – 35 years
3. Builders – 35 – 50 years
4. Accumulators – 50 – 60 years
5. Preservers – 60 +

Each segment follows a similar buying habit, for example “Getting Started” segment includes customers applying for their first credit card or first car loan. While all segments differ significantly from each other, as in comparison to “Getting Started”, “Preservers” are customers, who are interested in maximising their income or savings. (Kotler and Armstrong 2010, 170.)

Occupation and economic situation shape the decision consumers make on which products and services to acquire. When it comes to income-sensitive goods, economic factors such as income, savings, and interest rates are crucial. Additionally changes in the economic situation of the country affect buying behaviour and often require redesigning, repositioning and re-pricing products.

Furthermore lifestyle, personality and self-concept are influencing buying behaviour. Often people identify themselves with certain products or services, reflecting their own identities as in “We are what we have”. (Kotler and Armstrong 2010, 170-172.)

Psychological factors

The last group of influences are psychological factors such as motivation, perception, beliefs and attitudes, and learning.

Motivation is a driving factor for many buying decisions. In order to successfully market a product, it is important to understand what motivates a customer to buy a specific good. Here motivational theories play an important role and are necessary to understand. As motivational theories are not the subject of this paper, more information can be found from appendix 1 handling Maslow's hierarchy of needs as an example of a motivation theory.

In addition perception is one of the most important influential factors concerning the topic of this thesis, and going hand in hand with motivation. Perception is "the process by which people select, organize, and interpret information to form a meaningful picture of the world" and is comprised of three different perceptual processes by which people fit information into their existing mind set: selective attention (screening out information), selective distortion (interpretation of information to suit own believe), and selective retention (remembering positive sides of the favoured product). Due to these perceptual processes, it is often difficult for a marketer to successfully deliver their message. Here beliefs and attitudes play an important role, as they often influence perception and build brand images. (Kotler and Armstrong 2010, 172-175.)

2.2.4 Types of buying decision behaviour

As different products or services are usually not purchased making the same decision, there are four types of buying decision behaviour – complex buying behaviour, dissonance reducing buying behaviour, habitual buying behaviour, and variety seeking behaviour – which greatly differ in degree of buyer involvement and degree of differences among brands.

Figure 2.2.4 shows the four types of buying behaviour in relation to buyer involvement and brand differences.

	High Involvement	Low Involvement
Significant differences between brands	Complex Buying Behavior	Variety Seeking Behavior
Few differences between brands	Dissonance Reducing Buying Behavior	Habitual Buying Behavior

Figure 2.2.4 Types of Buying Decision Behaviour (MBA Lectures, 2010)

When a consumer registers significant differences among brands and is highly involved in the actual purchase, the consumer shows complex buy-

ing behaviour. In this case a consumer needs to learn about the product by going through a process of developing beliefs, forming them into attitudes and finally making a purchase choice in order to make a decision.

In comparison dissonance reducing buying behaviour involves only little differences among brands, but still requires a high customer involvement as the purchase might be risky, expensive or infrequent. Less learning is involved as customers usually decide by convenience or price.

In contrary habitual buying behaviour typically shows little differences among brands and little involvement of the customer. Information is received passively and customers make a purchase decision based on familiarity of the product.

The last type is variety seeking buying behaviour. The customer typically shows only little involvement in making the decision, even though the differences among brands are significant. Typically for this category is brand switching. Since little information is gathered beforehand, the customer evaluates the product during consumption leading to brand switching in case of dissatisfaction. (Kotler and Armstrong, 2010, 176-177.)

2.2.5 Buying decision process

The buying decision process consists of five stages, shown in Figure 2.2.5. It becomes obvious that this process involves not only the actual purchase, but starts long before the purchase is done and does not end with the purchase decision.

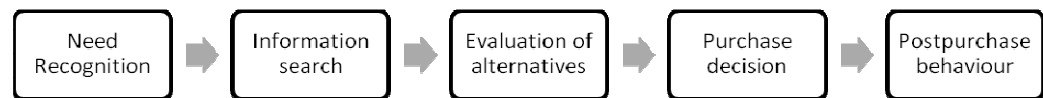


Figure 2.2.5 Buyer Decision Process (Kotler and Armstrong, 2010)

The first stage in the process is need recognition, where the customer identifies a need or problem caused by internal (e.g. hunger) or external (e.g. car advertisement) stimuli.

After a need has been identified, information will be gathered in order to satisfy the need. The amount of searching involved largely depends on the intensity of the need, on the already available information, the ease of acquiring additional information, the importance of additional information, and the satisfaction level of previous search results. Sometimes a consumer is likely to buy an available product at hand, if the need is strong, for example buying a sandwich to satisfy hunger.

After necessary information is gathered, alternatives are evaluated. The evaluation process depends to a large extent on the individual customer and can hardly be generalized. Some customers go by intuition while others put much effort on logical thinking and calculations.

When all alternatives are evaluated, the customer makes a purchase decision. In general consumers decide on the most preferred brand, but two factors can interfere in this process: attitudes of others and unexpected situational factors. These two factors reflect the influencing factors ex-

plained earlier in chapter 2.2.3. The influence of these factors can lead to a different purchase decision than intended.

The last stage is post purchase behaviour. This is the stage after the purchase during which a customer might take further steps based on satisfaction or dissatisfaction determined by the relationship of customer's expectations and perceived performance. (Kotler and Armstrong, 2010, 177-179.)

2.3 Social media and social networking

After becoming acquainted to concepts of market entry and buying behaviour, the next steps in gathering theoretical knowledge about the topic at hand is to look at theories about social media and social networking.

2.3.1 Definition

According to Safko and Brake (2009, 6), "Social media refers to activities, practises, and behaviours among communities of people who gather online to share information, knowledge, and opinions using conversational media. Conversational media are Web-based applications that make it possible to create and easily transmit content in the form of words, pictures, videos, and audios."

Another source defines social networking as "the grouping of individuals into specific groups, like small rural communities or a neighborhood subdivision, if you will. Although social networking is possible in person, especially in the workplace, universities, and high schools, it is most popular online." (whatissocialnetworking.com, 2011.)

Business Dictionary (2011) defines a social network in its basic structure as "Family, and friends and their families, that together create an interconnected system through which alliances are formed, help is obtained, information is transmitted, and strings are pulled. In an organizational setting, it usually constitutes the group of one's peers, seniors, and subordinates who provide privileged information on how to get things done, how the power structure operates, and who holds the strings at present."

Even though the definitions differ from each other, and not all of them refer to an online network, they do have keywords in common defining social media and social networks: community, group, share, gather.

2.3.2 The POEM concept

With the increase of social media websites and their popularity, a new marketing model has been developed around these latest forms of social communication.

This marketing model is called POEM – Paid, Owned, and Earned Media - and was first used by Nokia in order to categorize their globally interactive

media presence. A research conducted by Forrester resulted in a definition of POEM, summarized in table 2.3.2 below. (Corcoran, 2009.)

Table 2.3.2 POEM (Forrester Research Inc., 2009)

Media type	Definition	Examples	The role	Benefits	Challenges
Owned media	Channel a brand controls	<ul style="list-style-type: none"> • Web site • Mobile site • Blog • Twitter account 	Build for longer-term relationships with existing potential customers and earn media	<ul style="list-style-type: none"> • Control • Cost efficiency • Longevity • Versatility • Niche audiences 	<ul style="list-style-type: none"> • No guarantees • Company communication not trusted • Takes time to scale
Paid media	Brand pays to leverage a channel	<ul style="list-style-type: none"> • Display ads • Paid search • Sponsorships 	Shift from foundation to a catalyst that feeds owned and creates earned media	<ul style="list-style-type: none"> • In demand • Immediacy • Scale • Control 	<ul style="list-style-type: none"> • Clutter • Declining response rates • Poor credibility
Earned media	When customers become the channel	<ul style="list-style-type: none"> • WOM • Buzz • "Viral" 	Listen and respond — earned media is often the result of well-executed and well-coordinated owned and paid media	<ul style="list-style-type: none"> • Most credible • Key role in most sales • Transparent and lives on 	<ul style="list-style-type: none"> • No control • Can be negative • Scale • Hard to measure

Cheyfitz – CEO and Chief Editor of Huffpost Media – picks up the definition by Forrester and further explains the POEM concept in an article published in 2010.

In this article paid media is defined as a form of media where a channel is paid by the company or brand to convey a certain message to the audience. Essential for successful paid media is an audience gathered by the selected media channel which is desired by the paying company or brand. Examples of paid media channels include traditional media such as TV, billboards or printed advertisements, but also search engines or internet banners. Paid media is effective as long as the company is willing to spend money, however it is never owned, but an outsourced channel and thus marketing expenses can be high.

In contrast owned media is any media channel created and owned by the company or brand. This form of media can be of any type, such as magazines, TV shows, blogs, Facebook or Twitter accounts, and company website to name only a few. Compared to paid media, the start up costs of owned media can be considerably high. However once invested, marketing costs can be decreased in the long run as owned media has theoretically an indefinite life span. This type of media calls for experts to execute the start up and create a media channel the desired audience is interested in, providing a feeling of engagement. Another factor for successfully running owned media is the audience. Usually it is necessary for a company to engage with paid media in order to gather an audience before starting to create own media channels, highlighting the linkage between paid and owned media.

The last form is earned media and is claimed to be the most important one in today's marketing world. Earned media is any form of positive comments about the company or brand, which is solely created and spread by

non-paid influencers. These influencers include bloggers, Facebook updaters, journalists, media reporters or any person, who is sharing positive information about a company or brand. Information spread by earned media usually generates from owned media, which – in combination with the relationship to paid media - proofs the dependability of all three media types. The benefit of earned media is that it is perceived being more credible than any other media type, putting a greater impact on a buyers decision to purchase a certain product or service. However earned media cannot be controlled, making a well prepared marketing plan necessary in order to successfully engage in and run POEM. (Cheyfitz, 2010.)

2.3.3 Importance of social media

As Smith (2011) discusses in his online article “The Great Importance of Social Networking” the use of such networks has changed over the years from providing a community to distribute information to a more sophisticated tool to share information, sell products or play games. These online based communities allow people from all over the world to interact without limits. This “lack” of barriers leads to new opportunities also for business purposes. As technology is evolving, leading to more sophistication, more ways to interact, communicate, share and connect are developed. Besides serving the sole purpose of private interaction, social networks are nowadays a platform for business and commerce. New networks serving niches are spreading, identifying and serving each a different need allowing businesses to target these niches. As users are brand and product loyal, marketers push for more effective ways to market their products and ultimately reach their customers through this new channel. This in turn is also profitable for social network owners as businesses recognize this opportunity and invest in social networking.

Knowles (2010) is claiming that “Business success does not depend on using social media. But ignoring the place of social networking tools could lead to missed commercial opportunities.” He points out the growing importance of social networks from a business perspective. “Social networks are where people are” (Knowles, 2010) and people are important for businesses. As traditional advertising focuses on maximum visibility, a place such as a social network where people are gathering in amounts of millions, advertising is attracted by nature. However as the purpose of these online communities is not advertising but social interaction in the first place, new marketing strategies need to be developed in order to successful advertise but at the same time keep up the own image. Another factor of engaging into social networking is competition. Staying out of social networks often means handing over the own customers to the competition as they are part of networks. Not only is the competitor promoting products, but at the same time learning to use this new channel efficiently for the own purposes.

In addition social networks allow a new way of getting customer feedback, as conversation are public and can be monitored. With this information, businesses are able to use social networks effectively and create new, targeted campaigns serving customer needs better. In addition campaigns can

reach people without limits, strengthen and even broaden the own business territory, as geography becomes a less important factor. Another advantage is that “social media lets businesses resolve customer problems proactively” (Knowles, 2010) as unhappiness is likely to be expressed within the social community. Businesses have the possibility to react faster. By tracking and responding to comments they are able to fix the problem and turn the negative message into a positive one. (Knowles, 2010.)

2.3.4 Future of social networks

In a blog post on TechCrunch, Suster (2010) talks about the future of social networks. He claims that in future transferability will become an issue in social networking. Currently most networks “lock” the information of their users, but it will become increasingly important to allow transferring information between networks, as people are seeking for more choices and being part of more than one network.

Another trend is the formation of “true” networks. As already mentioned forcing people into one general network, such as Facebook, will not be successful in the long run. By nature people are parts of several networks, for example a network of friends, family or business partners. They do not want information revealed within one network spreading to other networks. People want to separate between “private” and “public” networks, which are currently an issue among those available. One example is Facebook, where private and public can be easily mixed, leading to the creation of several accounts for different purposes. There is already a tendency towards “niche” networks such as Xing for business purposes, which is increasing in user numbers and importance. Suster claims that this tendency will develop further as more social networks are formed around specific interests serving specific needs. The growth of technology and social networks will lead to networks becoming a part of daily life and everything people do, creating new business opportunities. Data management is one drawback, which currently has not been solved to full satisfaction by current social network owners. If one does not manage what is said online, it could be harmful. Products supporting this data management and helping businesses to track and communicate with their customers are evolving. Also as social networks are becoming more important in marketing, new products managing online marketing campaigns will be available to support businesses. (Suster, 2010.)

In addition the online version of The Economist published an article about the future of social networks. It is claimed that for both - emerging and rich world markets - the impact of social networks and the new technologies around them is huge. With the support of mobile phones, social networking will become universal. People are using their phones to update their online profile and post messages. Especially among emerging markets a new audience will be reached, one that is annoyed by slow, PC based internet connections. An estimation claims, by 2013 over 600 million people will be regular users of mobile social networks, which is an over 300 % increase compared to the 140 million users of 2009. (The Economist, 2010.)

3 MARKET RESEARCH : GERMANY

3.1 Country introduction

Germany is located in central Europe bordering the Baltic Sea and North Sea. It is situated between Poland and the Netherlands and shares borders with Denmark in the north. Other bordering countries are Austria, Belgium, Czech Republic, France, Luxembourg, and Switzerland. The area totals 257,022 sq km with a coastline of 2,389 km. The capital is Berlin. (CIA, 2011.)

Figure 2.4.1 Map of Germany (Erdkunde-Wissen.de, 2010)



Germany is Europe's largest economy and the second most populated nation with 81,471,836 (July 2011 est.) people. The country became independent on 18th January 1871. Two disastrous world wars calendar Germany's history. With the American, British, French and Russian allies occupying the country after World War II, two German states were formed 1949: the western Federal Republic of Germany (FRG) and eastern German Democratic Republic (GDR). With the decline of USSR and the end of the Cold War, the two states were reunited 1990. Since then large funds have been spend to level up eastern productivity and wages to western standards. (CIA, 2011.)

Germany is a federal republic consisting of 16 states. The chief of state is President Christian Wulff (since 30 June 2010), who is elected for a five year term. The head of government is the chancellor – currently Angela Merkel (since 22 November 2005) - elected for a four year term. Germany is a member of numerous international organisations, including ESA, EU, G-20, G-5, G-7, G-8, G-10, NATO, OECD, Schengen Convention, UN, UNESCO, and WTO. (CIA, 2011.)

3.2 Macroeconomy

The following chapters outline Germany's business environment, the benefits of the EU membership for the economy, and the legal and political environment in Germany.

3.2.1 Business environment

Being the fifth largest economy in the world (by PPP), Germany is a leading exporter of machinery, vehicles, chemicals, and household equipment. It possesses a highly skilled labour force, but as many western countries, Germany has to deal with demographic challenges to secure long-term growth as fertility rates and immigration rates are low.

The German economy has overcome the economic crisis quickly. Growing domestic demand is a significant factor for the expanding economy with a decreasing unemployment rate (in 2010 7.4 % unemployment) and GDP growing. In 2010 the GDP was \$ 2.96 trillion and is expected to grow by 2.3 % in 2011.

The service sector is the biggest sector in Germany, generating 71.3 % of the GDP and employing 67.8 % of the labour force. Industry is the second largest sector with 27.9% of the GDP and employing 29.7 % of the labour force. Industry products include iron, steel, coal, cement, chemicals, machinery, vehicles, machine tools, electronics, food and beverages, ship-building, and textiles.

German exports generated \$ 1,337 trillion in 2010. Exports include machinery, vehicles, chemicals, metals and manufactures, foodstuffs, and textiles. Main export partners are France (10.2%), US (6.7%), Netherlands (6.7%), and UK (6.6%). In 2010 imports accounted for \$ 1,12 trillion. Main import commodities are machinery, vehicles, chemicals, foodstuff, textiles, and metals. Most important import partners are Netherlands (8.5%), China (8.2%), France (8.2%), US (5.9%), and Italy (5.9%). As exports exceed imports, Germany has a positive trade balance. (CIA, 2011.)

3.2.2 Legal and political considerations

Germany is a federal, parliamentary, representative democratic republic. The political system operates under the Grundgesetz (basic law) from 1949. The head of the state and highest official is the president and is elected by the Bundesversammlung (federal convention). The second highest official is the Bundestagspräsident (President of Bundestag) and is responsible for overseeing the daily Bundestags sessions. The chancellor is the third highest official and head of the government. The chancellor has executive power and fulfils similar tasks as a prime minister. (Wikipedia, 2011.)

Germany has a civil law system based on Roman law. The Bundesverfassungsgericht (German Supreme Court) is the highest instance responsible for constitutional matters. The highest courts of appeal are the federal court of justice, federal labour court, federal social court, federal finance court, and federal administrative court. (Wikipedia, 2011.)

Germany has numerous laws covering specific areas. For internet related businesses, privacy related laws as well as employment laws are crucial and are outlined shortly.

Privacy law

With the basic law of the European Union, privacy law was respected as a basic law in 2000. It regulates every individual's right to respect privacy, family life, housing and communication. In addition the right of securing personal data has been added to the basic privacy law.

In Germany basic law includes important privacy laws, but does not clarify if privacy laws are the obligation of states or federal responsibility. In Germany the first personal data law has been established in 1970 and the Bundesdatenschutzgesetz of 1978 is the best known collection of privacy laws and is valid for all matters not covered by specific privacy laws. (Wikipedia, 2011.)

Employment law

The first employment related law has been developed in the second half of the 18th century. It defines the rights and obligations between employer and employee and consists of several laws related to employment such as safety at work laws, maternity laws, or work time laws. (Wikipedia, 2011.)

3.2.3 EU membership

The European Union is an economical and political partnership between currently 27 countries and was founded in the aftermath of the Second World War in order to secure peace among European neighbours. With the creation of the European Coal and Steel Community in 1950 six countries - including Germany - took the first step to unify Europe.

In 1973 Denmark, Ireland and The United Kingdom joined the EU and in 1999 the Euro as a common currency was accepted by 11 countries including Germany.

The latest addition to the EU has been Bulgaria and Rumania in 2007 increasing the number of EU members to 27 countries. Potential future candidates for entering the Union are Macedonia, Croatia, and Turkey.

With Estonia introducing the Euro in 2011, the currency is currently used by 17 countries, and accepted by many more countries as a payment method.

The European Union is active in many political areas and provides political and legal guidelines for its member countries. The main purpose is to avoid wars, increase prosperity in Europe, harmonize the development in different parts of Europe, increase cooperation between countries, and increase Europe's economical ability to compete in the world market. With the four basic freedoms - free movement of capital, goods, services, and people – many EU member countries enjoy and profit from new opportunities in the European market.

The GDP of the European Union has been above the US GDP since 2004, equalling in 2010 to approximately 12,28 billion Euro. Having only 7% of the world's population, but generating 20% of world's imports and exports, the European Union is the world's leading export nation and the second biggest import community. The biggest trading partners are the US and China; however over 30% of EU trade is internal trade among EU countries. Among EU members, Germany is the most populated country and has one of the most widespread languages within the Union. (Generaldirektion für Kommunikation der Europäischen Kommission, n.d.)

Due to its size and economical power, Germany plays a crucial role in the European Union, not only as a trading partner and generator of export goods, but also as an influence in decision making processes. Being an active member of the European Union, Germany is an attractive partner for other member countries and eases the possibility to establish a business in the market.

3.3 Doing business in Germany

The following chapter provides an overview of Germany, its economy, considerations about setting up a business, and the German business culture.

3.3.1 Setting up a business in Germany

There are a number of options available for foreigners establishing a business. Considering organisation and structure of the business, a differentiation between unincorporated companies, where at least one business partner is holding unlimited liability for the business debts, and corporations which is an entity in itself, thus it is liable only to the extent of its capital contribution, can be made. Thereby the choice of structure is depending to a high degree on how liable the investor wishes to be towards the creditors. (UHY, 2010.)

Unincorporated companies include:

- Sole proprietorship
- General partnership
- Limited partnership
- Silent partnership
- Professional partnership

Depending on the amount of business partners, degree and distribution of liability, and size of the company, an organizational structure is chosen. A sole proprietorship for example is generally chosen by small companies as it is the simplest form. A limited partnership on the other hand is often chosen by family businesses as the liability risk is distributed equally. (UHY, 2010.)

Corporations include:

- Stock corporation
- Limited liability company
- Real estate investment trust

Generally corporations being a legal entity are distinct from the owners, thus the risk is hold only by the company's assets while the owners assets are protected. This offers easier access to financing opportunities for investors. It can be publicly or privately owned and is subject to stricter governmental regulations. (UHY, 2010.)

Besides unincorporated companies and corporations, there are other opportunities for a foreign company to enter the German market. These options include the use of independent sales agents, and independent distributor or a representative office. (UHY, 2010.)

Considering the administrative procedures, every new business must be reported to the Trade Licensing Office, preferably in person. However with the technology available nowadays, especially bigger cities offer registration also through an online form. As Germany offers freedom of trade, in theory anyone can exercise trade without obtaining permission. However different conditions apply for example for businesses under the Trade, Commerce and Industry Regulation which are requiring a trade permission to do business. Also for customer protection reasons, every business has to undergo a check, whether it possesses reliability. Other administrative necessities include entry to the Commercial Register, obtaining a business or tax number, and if the company is hiring employees, they must be reported to sickness insurance and pension authority. (EUBusiness, 2011.)

3.3.2 Business culture

Throughout the world, Germany is a desired trading partner for many involved in international business. Everyone wants to be active in this market, creating a stiff competition among many similar products and services and a pressure to differentiate. But not only is differentiation the key to success – more important is how the own company presents itself to the German market. Understanding the business culture and acting according to the etiquette helps creating mutual trust and is the key to cooperation and success and enables to put the own business ahead of its many competitors. (Graff and Schaupp, 2011).

The following paragraphs provide an overview of the essentials of German business etiquette in the areas of communications styles, meetings and negotiations, and dress code.

Communication styles

The German communication style is very direct, which is often misunderstood as rudeness. Germans' believe that the fact is important and emotions should not interfere with telling the truth, thus putting truth and directness ahead of diplomacy. This is seen as a sign of respect. Directness and truth is also reflected in the use – or lack - of coded language and humour. It is not a lack of humour but a matter of when and where it is appropriate. As a rule of thumb, the more serious the situation, the more seriousness is requested. (WorldBusinessCulture, n.d.).

Meetings and negotiations

Overall Germans can be defined as “pre-planners”. This is essentially true when arranging business meetings. Prior to the actual meeting, often a considerable amount of preparation was done to support the debate and ul-

timately lead to the success of the meeting. Often meetings are rather large, involving specialists of the matter under discussion. These specialists are expected to contribute whenever the meeting touches their field of expertise, but do not need to have an opinion about every topic. The way of debating is often direct and strong, which can sometimes appear “heated” in order to reach the ultimate “right” answer and thus the goal of the meeting. (WorldBusinessCulture, n.d.).

When arranging meetings, appointments are mandatory and should be made one or two weeks in advance during business hours. As work and private life are rigorously separated, it is inappropriate to call after office hours, if one is not given explicit permission. If a letter or any other written document is used to arrange a meeting, it should always be written in German.

Generally meetings follow a strict agenda, including starting and ending times. Punctuality is very important when having an appointment with the desired German counterpart. Arriving on time indicates a proper planning. One should never arrive early or late without an explanation.

Greetings are formal and a quick and firm handshake the traditional method. Using a person’s title and surname accompanied by “Herr” or “Frau” is very important as it shows respect. (Kwintessential, 2010).

During negotiations, Germans prefer to get down to business rather than advanced small talk. One should be prepared that questions about one’s own credentials arise. When bringing any printed material, it should be available in English as well as German.

In Germany business is hierarchical, meaning decisions are made at the top of the company. One should be aware that pressure or confrontational behaviour is often counterproductive and leads to failure. Once a decision is made, it will not be changed, so further convincing tactics are unnecessary. (Kwintessentials, 2010).

Dress code

Overall business dress is understated, formal and conservative. For men dark coloured business suits and for women either a business suit or conservative dress with little or no jewellery or accessories are appropriate. (Kwintessential, 2010).

However it is a good idea to check the dress code beforehand, since not always an appropriate business dress is restricted being conservative and in dark colours. In many industries a jacket with a shirt and tie and jeans or trousers are just as appropriate as for women to wear more casual clothing in business situations. (WorldBusinessCulture, n.d.).

Appendix 2 provides 20 Top Tips on German Business Culture for further reading.

3.4 Industry analysis

The following chapter analyzes the social network business, Going Out Industry and the relationship between both. It is researched what customer find important when choosing an establishment and takes a look at the competition.

3.4.1 Social network business

According to a Forsa study, the market for social networks is on the rise in Germany. 1001 internet users above 14 years have been questioned throughout Germany. A. Berg, the Vice President of BITKOM, presented the study results in a press conference in April 2011.

The study revealed that 76% of all internet users are active in social communities, equalling 40 million Germans. For under 30 year old the percentage is even higher, reaching 96%. Among 30-49 year old about 80 % use social networks and in the group of 50+ year old every second is already a member of an online community. The study also revealed that an increasing number of women are users of social networks.

Overall there is a tendency towards using two to three networks. In average a person is part of 2.4 networks and has a median of 133 friends, though younger users have an affinity owning a higher amount of friends and older users tend to keep a rather small number of friends. Also the amount of time spent in online communities varies. About 11% of the 40 million users are so called “heavy users”, spending more than two hours per day networking.

Most members (73%) use social networks to keep contacts and friendships up. In addition gathering information about events and meetings is an important feature applied by 56% of all users. Finding new friends with the help of social networks is stated by 31% of the respondents and 25% find social networks useful for their hobbies. Social networks are utilized by 7% to create professional contacts, and 6% found their life partner through an online community.

Of the study participants, the majority states that they have mainly positive experiences, and only one third of the users say that they have had bad experience, being the most common negative incident unwanted and unpleasant contact requests.

The study also revealed which social network is the most popular one. About 47% use Facebook. Taking only under 30 year old into account, the percentage is even higher reaching 75%. Other popular networks are the VZ Netzwerk Group and StayFriends, each applied by 27%, while StayFriends appears to attract an older audience than Facebook and VZ Netzwerk Group. (Berg, 2011.)

3.4.2 Going Out industry

Hospitality industry as a whole “covers a wide range of organizations offering food services and accommodation. The industry is divided into sectors according to the skills-sets required for the work involved. Sectors in-

clude accommodation, food and beverage, meeting and events, gaming, entertainment and recreation, tourism services and visitor services.” (Wikipedia, 2011.)

As the hospitality industry covers a wide area of services, the author of this thesis refers to the Going Out Industry segment. This shall cover all establishments involved in serving beverage, snacks, and entertainment, such as bars, cafes, and nightclubs.

DEHOGA, the German Hospitality Industry Association, is publishing regular industry development reports and trends. According to DEHOGA’s findings, the world economy has been growing throughout 2010 after the economic crisis in 2009. Especially the German economy has been recuperating with a growth rate of 3.6%. In the hospitality industry the growth rate was below average, but still 2.2% in 2010 and has continued growing in the first quarter of 2011 already by 3.1%. However the increase of energy and food prices is slowing down the growth within the industry.

Considering the Going Out Industry, the growth process in 2010 has not been as positive as the overall growth rate of the hospitality industry, which is mainly due to the snowy winter season. However in the beginning of 2011 the restaurant industry had a turnover surplus of 2.7%, while drinking establishments are still recovering with a negative turnover of -0.4%. Other winners in the industry are franchising restaurants, which profited the most of the recovery throughout the past year.

The outlook for summer 2011 is positive as well due to the strong tourism industry and events such as the women’s football world championship, which are expected to boost the hospitality and especially Going Out Industry considerably. (DEHOGA 2011, 13-18.)

According to DEHOGA, 175,576 Going Out businesses have been operated in 2009. Compared to the previous years, the number of businesses is decreasing (2008: 182,008 and 2007: 183,500). However among hospitality businesses, Going Out establishments still account for 76% of all hospitality businesses, employing 56% of all employees in the industry and generating 52% of the industries sales (equalling to 32.5 billion euro in 2010). (DEHOGA, 2011.)

Overall the German Going Out Industry market is very competitive. Traditional restaurants are increasingly competing with businesses outside the industry such as gas stations or retail stores. Among the industry the biggest competitors are fast growing chains and franchise restaurants, such as fast food giant McDonalds or coffee shops like Starbucks. The reason why franchise restaurants are able to cope with economical difficult times is their strong brand, strategic planning, and conceptual thinking. Nevertheless traditional venues are favoured by many customers as a trend analysis by DEHOGA reveals. (DEHOGA, 2011.)

Industry trends include:

- A cosy atmosphere
- Outdoor catering
- Regional products
- Take away and home delivery
- Coffee shops

In today's Going Out industry, customers request a home like experience when going out. A cosy and feel good environment is favoured over cold design. In addition customers are increasingly concerned about the healthiness and origin of what they eat. The trend goes towards using regional and seasonal specialties. This new trend is called "fast casual", which fulfils customers call for fresh, nutritional and fast snacks and fast food chains are adapting rapidly.

Another growing market is the take away business due to the customers increase in flexibility, mobility and changing work environments and the fact that take away businesses are meeting these customer characteristics extremely well. Coffee shops are public living rooms and a continuous developing concept. They convince with their coffee specialities, fresh juices and sweet and tasty snacks and thereby meet again what today's customers are looking for. As work and everyday life is mainly occurring indoors, people have the urge to escape from everyday life to the outside. Beer gardens, terraces and beach bars are increasingly popular as they provide a feeling of freedom and short holidays from the stressful life. Due to latest technologies, the outdoor serving season is not restricted to warm and sunny days anymore. More about the current customer buying habits will be discussed in a later section of this paper. (DEHOGA, 2011.)

This overall trend is not only true for restaurants. Moreover the trend can be generalized and applied to all businesses serving their guests snacks, beverages, and entertainment.

3.4.3 Use of social networks in the Going Out industry

According to an article by Peters published on a website for hospitality businesses, social networking has become an increasingly important marketing tool for the industry.

According to a study by American Express, already in 2008 83% of hotels and 50% of restaurants offered virtual tours on their websites. In addition 60% of those websites offered online room availability and 50% even online booking. With the evolving technology it is now almost a necessity for businesses to engage in social networking.

M. Cramer, the CEO of Alt & Cramer GmbH, explained on a Gastro-Online-Congress in Berlin the importance of social media as a marketing tool. He claims that in fact social media advertisement has outrun poster and radio advertisement and is with 19% on the same level with printed media advertisement. Only TV advertisements are dominating the market with 39%. Nowadays 90% of Managers see the use of social media as a business opportunity. Also on the consumer side, social media seems to be

more trustworthy than traditional media, as the study further examines. Only 14% still believe in TV advertisement, while 78% rely on advertisement published through social media.

Kuriat – Manager of TNC Group and an expert for social networking – claims, without the use of social networks, the target group of 18 to 30 year old cannot be reached any longer. To him the use of social networks bears more opportunities than risks. Used correctly, this type of marketing can be an effective channel for feedback, advertisement, exchange and even competitor observation.

Several seminars, courses and brochures are offered to Going Out Businesses, to engage in the social media world correctly as it is essential to know the right way in order to use this tool efficiently and be successful. Opportunities created by this new form of media for the Going Out Industry include a faster and more targeted distribution of information, possibility to follow the public opinion easily, recognition and faster response when problems arise, better targeted sales, easier recruitment of personnel, and the work with business partners is made easier. Another advantage is the use of social networks to advertise events and special events cheaper and more targeted. (Peters, 2011.)

Even though the hotel and most of the restaurant businesses have recognized the importance and advantage of internet channels to reach customers, many drinking establishments are not using these channels effectively yet. Especially smaller venues do not have the capacity or knowledge to establish a proper website and appear in search engines. However with the ongoing trend, all businesses sooner or later will need to engage in the online business to keep up with their competitors.

3.4.4 Survey results

Two separate surveys have been conducted in order to analyse the current situation of social network usage in the Going Out Industry. The survey has been sent to 56 private users and 200 business users. Of the private users 13 answers have been collected and of the business users 12 answered the survey. Due to the low response rate the survey is not representative and cannot be used as reliable information material for this study. Nevertheless the responses given show a certain tendency considering the usefulness of social networks in the industry. Appendices 4 and 5 show the survey results.

The results of the private user survey (Appendix 4) shows that the majority of the respondents uses internet on a daily basis and owns a social network account. Most respondents state that they rely on friends and families recommendation when deciding where to go to. In addition the majority of respondents say they are or they would use social networks to gather information about bars, cafes and nightclubs. The majority also thinks that internet presence of a venue is rather important in today's business.

The business user survey (Appendix 5) revealed that all of the respondents use social networks for business purposes and the majority uses them on a daily basis. All of the respondents state they gained business advantage since using social networks, mainly in forms of increased guest numbers and an increase in sales, while marketing expenses tend to decrease. When choosing a social network, most businesses stated they use the network which their customers use or which is the most famous.

In addition to the survey, an interview has been conducted with a German beer bar. The results of that interview (Appendix 3) support the survey results as also here the business sees social networks as a good alternative to traditional media and gain new customers.

To conclude the survey and interview support the findings of the industry analysis concerning the usage of social networks in the Going Out Industry. Overall most businesses use social networks to reach more customers and in the end increase their sales. However many businesses are not yet aware of the full effectiveness and advantages social networks have to offer.

3.4.5 Customer buying behaviour

German eating habits have changed drastically over the years. According to a study conducted by Nestle, people spent less time on home cooking and eating and prefer eating out. Due to the stressful everyday life especially among young and working people, fast and spontaneous snacks are preferred as people eat when they find the time to spare. (RTL, 2011.)

With the growth of overall consumption (an estimated 1.5% in 2011), resulting from the decrease in unemployment and raise in pay, the buying pattern has changed. People are less price sensitive and also less saving oriented. Instead they are looking for better quality. (Wirtschaftsblatt, 2011.)

In today's Going Out Industry, customers have higher demands. With the rapid development of technologies, people are more mobile, they know more and they are offered more choices. Due to these customer characteristics it is crucial for a business to profile and position itself right. Often the results are chain and niche businesses being winners of the strong competition. With the change of customer's expectations, businesses need to adapt. Sustainability and environmental awareness become increasingly important also in hospitality. People are looking for products that are healthy and good for body and soul. (DEHOGA 2011, 18 – 19.)

The trend in customers buying pattern goes towards fresh, real and natural food. They are looking for seasonal and regional products as they are more concerned about the origin of the food. In addition living room atmosphere and a cosy surrounding have outrun the cold designed environment. (DEHOGA, 2011.)

Another study conducted by P&G Professional revealed what guests find important when choosing an establishment to eat and drink. As guests are

looking for a place to recover from the stressful working life, expectations towards the Going Out Industry are growing. The study uncovered that 82% of customer find the first impression crucial and 75% even evaluate the establishment as a whole by the first impression. It also has influence on the returning rate as only 15% would visit an establishment which gave a negative first impression a second time.

When asking what influences a positive impression, 96% state friendly personnel as the most important factor, followed by a clean environment (92%) and flowers (28%). On the other hand the most negative experiences are dirt (81%), unfriendly personnel (74%) and a bad smell (67%), which lets 75% assume an overall bad hygiene.

When giving critics about an establishments, 81% say friends and family about their negative experiences, 78% reveal their complaints to the personnel, 63% request the management of the establishment and 28% publish their criticism online, of which under 30 year olds every second uses the internet as a channel for their critics. Using online channels as a way to express experiences becomes more and more popular and this bears dangers for businesses. Once a negative word of mouth is published online, everyone is able to read it at anytime. This can cause a loss of potential customers and might be harmful for the business.

The study also analyzed how customers find information about establishments. Similar to the critics, also here friends and family are the most important source of information with 86% asking for advice from them. Flyers and brochures are helpful for 65% and online portals are read by 56% and communities are a source of information by 55%. Of those below 30 year old, 79% turn to internet sources to find information. (P&G Professional, 2011.)

To summarize the buying behaviour in the Going Out Industry, one can say that what customers find important has changed to a more sustainable, healthy and natural thinking, combined with the wish of a public living room atmosphere to be able to relax from the stressful everyday life. A customer decision is strongly influenced by the first impression they receive from an environment. A friendly personnel as well as clean surrounding is crucial for a positive impression. Friends and family, and to an increasing extent online sources, are an important source of information at the search stage of the decision process, but also in post purchase behaviour, especially when giving negative feedback.

3.4.6 Competition analysis

Social networks and communities have been growing tremendously during the past years and competition is strong. As mentioned earlier, social networks are on the rise in Germany, with Facebook and VZ Group being the current market leaders. As competition is strong, people are looking for communities fulfilling their needs. Niche networks are able to offer communities addressed to a certain audience, such as Xing for business purposes, Clubmom for mothers or Flixter for movie lovers.

Even though not a niche network, Facebook is the biggest competitor which has to be considered currently. The advantages are that it offers al-

most everything, starting from an own profile, messaging to posting and watching videos, playing games or using one of the many applications, which make ones profile a little more individual. Also for business purposes Facebook serves well at the moment. As businesses can create their own profile for free, they are able to make themselves visible and follow up on their customers.

In the long run however, niche networks will become increasingly important as people make differences between their many social networks (see chapter 2.3.4 the future of social networks).

Also the German social community market is offering numerous networks oriented towards the hospitality industry. There is for example Kulone, which is a Polish company operating globally and offering a search engine for events. Another website is Qype, which appears to be on the rise in Germany. Diskotheken Portal and Discoy are websites especially for researching nightclubs in Germany. Lokalisten, virtual nights and bsmparty are another source of information for people looking for parties and events nearby.

Since there is a large amount of social communities, the following paragraphs provide a general SWOT analysis (Figure 3.4.5) of current social communities offered in Germany. In Addition example networks will be analysed on their advantages and disadvantages for both user and business purposes at a later stage of this thesis.

SWOT Analysis

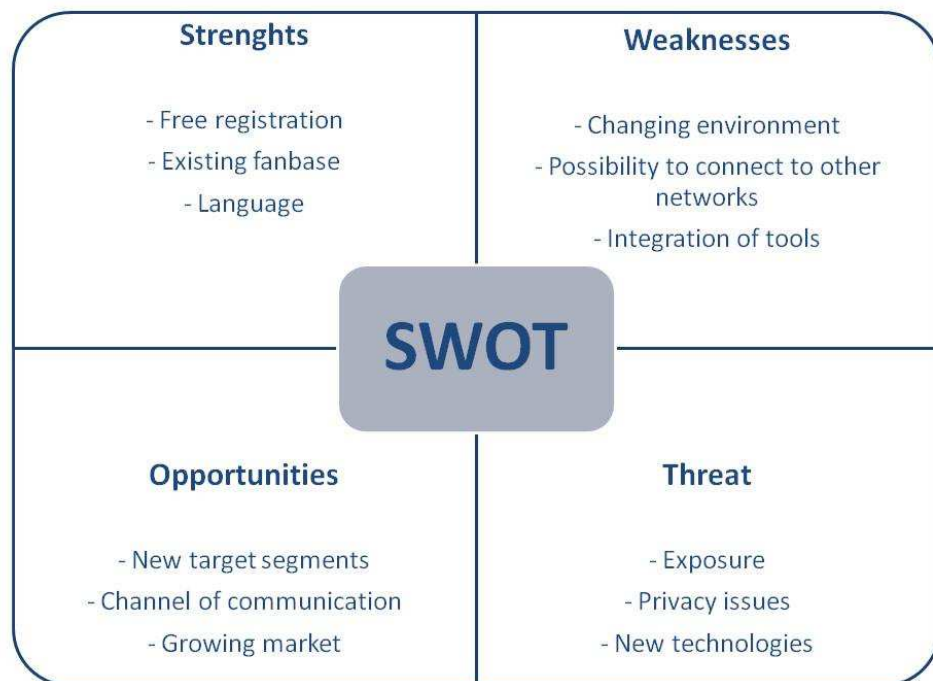


Figure 3.4.5 SWOT analysis Social Communities in Germany

Strengths

Most social communities offer a free registration for their members, making it easy for anyone to create an own account. However sometimes upgrading to a premium account is required for a fee in order to enjoy full usage of the service.

In addition once a community is online, it starts to create a fanbase, which can grow fast in a short time depending on word of mouth and other publicity it receives.

Language barriers are often a problem especially when entering a foreign market. However most of the established social communities currently operating in Germany offer their services in German language, which makes it easier and more attractive for many to join.

Weaknesses

Environment and societies are changing. If the community cannot keep up and adapt to the changes, such as current trends and changing interests, they will lose their customers in the long run. Especially in an aging society – in Germany the median age is 45 years – it is important to “grow” with the society and adapt to new circumstances.

As people tend to have several social communities in their environment – for example one network for friends and a second network for business, maybe even a third one for their hobby, which they do not share with their friends – it is important to offer the possibilities to connect to other communities. Currently smaller communities offer the possibility to connect to Facebook or Twitter, but in the long run and with the development of more communities, more connection possibilities need to be offered.

Another weakness of many networks is the amount and integration of tools and information. Especially niche networks have to find a balance if they want to stay unique. Offering too many tools can lead to a generalization of the network. On the other hand offering too little possibilities can lead to customers not returning as they find the network not offering enough to them.

Opportunities

Being involved in social networks offers the possibility to reach a completely new target market. Currently social communities are used mainly by young people in Germany. However an increasing amount of 60+ discover the opportunities of social networking. For a business involving in social network marketing means reaching potential customers they would otherwise not be able to reach.

As the basic idea of social networks is communication, businesses can get involved with their customers and have the possibility of creating a relationship easier than before.

In general in Germany social networks are still a growing market and those who want to be part need to get their business out to the public to get their share of the market. Facebook has been growing the most during 2010 in the German market and is still winning members, even though the company was founded already in 2004.

Threats

Exposure in a social community can become a problem. As social networks are meant to generate exposure, it is always a matter of the individual on how much is made public. This also goes hand in hand with the issue of privacy as there are many doubts about privacy of social communities. It is necessary to find a way to secure privacy for the users but at the same time allow the amount of exposure an individual wishes.

Also fast developing technologies are creating problems for social communities as they need to adapt quickly to changes. Today every community should be easily accessible through computer and phone, but in future communities might have to adapt to an even larger amount of electronic devices as technologies is evolving constantly.

3.4.7 Distribution channels

According to BusinessDictionary (2011), a distribution channel “is a path through which goods or services flow from producer to consumer and payments from consumer to producer”. This path can be either direct or indirect by using intermediaries. “An intermediary is an individual or organization acting as a linkage between producer and consumer enabling the flow of business between producer and consumer.” Intermediaries include wholesaler, retailer or agents.

The purpose of using indirect channels and intermediaries is that often more channels are able to be combined offering the opportunity to reach a larger amount of potential customers. (Anleitung mit Strategie und Konzept, 2008.)

Considering the service business, services are intangible goods, not requiring storage, transportation, and other factors of physical distribution. Most commonly services are delivered directly from producer to customer. However there are certain services requiring intermediaries, most commonly in form of agents, who help to do business and support the communication processes between producer and consumer. (Anleitung mit Strategie und Konzept, 2008.)

Onkvisit and Shaw (2009, 462 – 463) take a different approach in categorizing channels of distribution of services in international business. They define the modes cross-border, consumption abroad, commercial presence, and movement of personnel.

Cross-border is a mode where neither producer nor consumers are moving in order to provide or consume the service. Instead other channels are used to deliver the service, such as internet.

Consumption abroad takes place, when the consumer is physically in the country of production, as it is in the case of most tourism related services.

Commercial presence is a mode when the supplier establishes an office in the consumer’s country where the service will be provided.

The last mode is movement of personnel and involves employees from the providing company moving to the country where the service is ought to be consumed.

Generally speaking distribution is an important part of any business as it is the part which sells products or services and generates sales and profit. In Germany distribution has changed throughout the years, which is not only a result of a changing market, but moreover due to changes in consumer buying behaviour. Nowadays consumers are better informed as they use internet for research, in order to compare prices or even for shopping and doing business. The consequences on distribution are enormous.

Distribution requires a concept in order to identify potential customers and their needs, and to offer solutions to those customers. In order to create a distribution concept, it is necessary to gather information about customers and their needs, but also information about competitors, and current market conditions. These information need to be evaluated in order to define goals of distribution, distribution channels, and other activities in order to reach those goals.

The other consequence are the shift from the actual product or service being the important factor for choosing a distribution strategy towards the fulfilment of customer needs. Distribution – ideally being faster and better than competitor's distribution – requires understanding of customers needs and wants in order to offer a solution valuable and useful for the customer. (Anleitung mit Strategie und Konzept, 2008.)

Germany's distribution structure is characterized by a large number of independent shops, a low concentration of sectors, a predominating city centre and urban distribution, a low number of hypermarket shops, and the domination of "hard discount" shops and distance selling. (Export Enterprises SA, 2011.)

3.5 Risk management

According to AMB (2010), country risk is defined as "the risk that country – specific factors could adversely affect the claims paying ability of an insurer...Countries are placed into one of five tiers, ranging from CRT-1 denoting a stable environment with the least amount of risk, to CRT-5 for countries that pose the most risk, and therefore, the greatest challenge to an insurers financial stability, strength and performance."

As a result of country risk analysis, AMB categorizes Germany's economic, political and financial risk as a CRT-1 country with a very low level of risks in all categories. Specifically a CRT-1 country is defined having a "predictable and transparent legal environment, legal system and business infrastructure; sophisticated financial system regulation with deep capital markets" and a "mature industry framework". (AMB, 2010.)

After the recession in 2009, Germany had a tremendous economic recovery; in fact one of the strongest recoveries among the European countries. Economic risk is considered low, because Germany's economy is large, diversified and modern. In addition GDP makes the country the largest of all European Union members.

The fact that Germany is not only a member of the EU, but also one of the original eleven members introducing the Euro as a currency in 1999, builds a framework for a stable political environment. The usage of an ex-

pansionary fiscal policy to support the economy after 2009 is now being removed at a modest pace by the government as public finances are in good shape.

Financial risk is also considered low, as the financial system has not experienced a drastic crisis as some of the other European countries. However due to the economic problems in 2009, the financial sector still copes with weakened balance sheets and tightened credits. (AMB, 2010.)

4 MARKET ENTRY STRATEGY: BARISMA OY

4.1 Company review

The idea of Barisma was developed in 2008 in Finland, registered as a business in March 2011 and launched in June 2011. Barisma is a new niche social community serving the needs of bars, nightclubs, cafes, as well as their owners, employees, and customers.

The basic idea is to connect these businesses with their customers and offer a wide range of services in order to improve the outgoing experience of the individual.

For the user, Barisma provides a basic user account and the possibility to obtain VIP membership for a small fee in order to enjoy additional benefits and discounts.

For business purposes Barisma offers a broader range of products and services, starting from a free web page up to sponsorship.

Since Barisma is a newly established company which has just been launched in its home market, it is difficult to predict its successfulness in foreign markets. However the Barisma team as well as user accounts are increasing and the future outlook is positive. Even though Barisma is ought to be a global community, international markets have yet to be established.

4.2 Target market review

As the analysis has shown, Germany is a favourable market to do business in. Located in the heart of Europe, it allows easy access to northern, western and eastern parts of the continent. In addition it has the largest economy among Europe's countries with a growing GDP, decreasing unemployment and a highly skilled labour force. Germany has a trade surplus, with exports slightly exceeding the amount of imports. Within the economy the service sector is the biggest sector. Having a long history as a European Union member, Germany plays an important economical and political role. In addition Germany has a low economical, political, and financial risk profile, making investments for foreign businesses rather safe.

Setting up a business in this favourable economy is fairly easy and in many cases supported by the government. Especially other European Union members find only little or no obstacles to enter the market and setting up a business. However there are often some legal issues and much bureaucracy involved when establishing a company.

Taking a look at the industry, the outlook is positive as well. The hospitality industry also has been benefiting from the overall economic growth throughout 2010, though not as strong as other industries. Nevertheless the

future looks bright, especially due to the strong tourism industry and special events such as the women's football world championship taking place in major German cities in summer 2011, from which many hospitality businesses expect to profit.

Overall the Germany Going Out Industry has a rather competitive environment, with a rapid growth of chains and franchises. The favourability of these establishments can be explained by the changing buying behaviour of German customers. The stressful everyday life makes take away and going out increasingly common. Consumers' lack of time can often be best served by chains and franchises. Nevertheless there are other trends in customer buying behaviour from which especially smaller and more individual establishments are able to profit from. These trends include the call for a public living room, being outdoors, and sustainability. Here establishments with terraces, beach bars with comfortable furnishing and fresh, natural food and beverages are the prospected winners of the industry.

Also internet businesses are growing rapidly. Especially social networks are shaping the behaviour of internet users. Over two third of internet users are already members of social communities and the number is growing and so is the number of social networks, with a tendency towards serving niche segments. Social media plays an increasingly important role in gastronomy, and many businesses already discovered the advantages of a Facebook account. Many customers nowadays find valuable information from internet sources, besides the word of mouth from friends and family. It has been revealed that especially under 30 year olds are best reached through social media channels. In order to prepare businesses, special courses and training are already being arranged on how to use the internet for the own business purposes. Also the fact that customers are more mobile and have easier access to information, thus increasing the level of demand and expectations they have towards a business, shows the need to engage in this market trend and the need of niche social networks being more suitable for hospitality and Going Out businesses.

4.3 Segmentation and positioning

Segmentation

The German market size is large, with close to 82 million potential customers. Since a social community is generally run by its users, it is rather difficult to identify and target specific segments. However for a reasonable and efficient marketing strategy, identifying target segments is crucial.

The first step in segmenting the market is to differentiate between businesses as website users (business users) and customers as website users (private users).

The next step requires a more detailed description of business users. Since the goal is to serve a certain industry, the market can be further segmented into Going Out businesses and hospitality businesses. As both sectors are

segmented further into many different subgroups, the following businesses are defined as most attractive:

- Bars
- Nightclubs
- Cafes

Nevertheless it should be considered to broaden the segments and include:

- Hotels
- Hostels
- Restaurants
- Tourism

The reason for adding hotels, hostels, restaurants and the tourism business in general is the positive growth of these businesses after 2009 and the fact that the German tourism industry is growing as well.

Private users are already a segment as it includes only people visiting Going Out businesses. Still the market is rather large and many differentiations can be made. Considering the fact that 96% of below 30 year old in Germany are currently using social communities provides a first indication of potential Barisma users. There are no differentiations made between genders, as both sexes use social communities. In addition the desired segments include students and early career starters, as they are on the one hand more flexible and on the other hand tend to have a more “going out” lifestyle. In addition travellers or tourists are considered a favourable target group for Barisma, as they are constantly seeking information about places they visit.

To summarize, the main characteristics of desired website users are:

- In average < 30 years of age
- Male or female
- Students
- Career starters
- Outgoing
- Travellers / Tourists

Having separated potential Barisma users from the general customer market, it is now possible to further define customer groups, which share the main characteristics mentioned previously, but show different usage behaviour and benefit requirements.

Barisma’s customer groups include:

- **Information searchers** use the Internet for the sole purpose of finding information. This group requires an easy search function and much information available among the search results.
- **Social interactors** use the internet for the purpose to keep in touch with friends and family and to meet new people. For this group

word of mouth is an important information source. They require an account with many possibilities to share their thoughts and keep in touch.

- **Bargain hunters** use internet to compare prices and find the cheapest offer. For this group discounts are crucial and should be displayed in order to create benefits. In addition this group appreciates to gather discount information without searching for it long.
- **Variety seekers/Adventurers** are also looking for information available, but for the purpose to find new places to explore. This group requires staying up to date about newly opened venues.

Also among business users, differentiations can be made mainly according to products and services offered by Barisma:

- **VIP** are businesses already owning a premium account and are the ideal customer
- **Sponsors** can be either VIP or a business indirectly related to the Going Out industry, thus not owning a Barisma account. These businesses can include for example beverage producers.
- **Activators** are a group of businesses, which own an activated Barisma account, but have not upgraded to the premium membership. The focus is to generate an upgrade.
- **Freebie's** are businesses which have a not activated their Barisma account, due to the fact that a Barisma private user has added the venue. The goal is to win this group as an Activator and in the long run upgrade them to a VIP.

Positioning

When positioning Barisma in the market, a combination of functional and symbolic positioning strategy is used. The reason for combining two strategies is that Barisma is on the one hand a problem solver (delivering information) and provides benefits for its users (discounts), which are typical characteristics of functional positioning, and on the other hand it is a social community, offering ego identification, belongingness and social meaningfulness, and provides fulfilment. These social aspects are typical for symbolic positioning.

The overall goal is to achieve a clear, unique and advantageous position in customer's minds. As the customer groups are divided between private users and business users, it is necessary to position Barisma accordingly.

For private users the dimensions used for positioning are the social aspect and the usefulness. Figure 4.3.1 shows how Barisma is positioned considering these two dimensions. In comparison Figure 4.3.2 shows how Barisma is positioned in the business market, where service quality and visibility are the dimensions for positioning.

The positioning map shows Barisma's desired position in the market in comparison to its main competitors.

Figure 4.3.1 shows, that among private customers the competition is strong. However Barisma finds its market by providing more useful information and functions concerning the Going Out industry and at the same time acts as a social network with many functions.

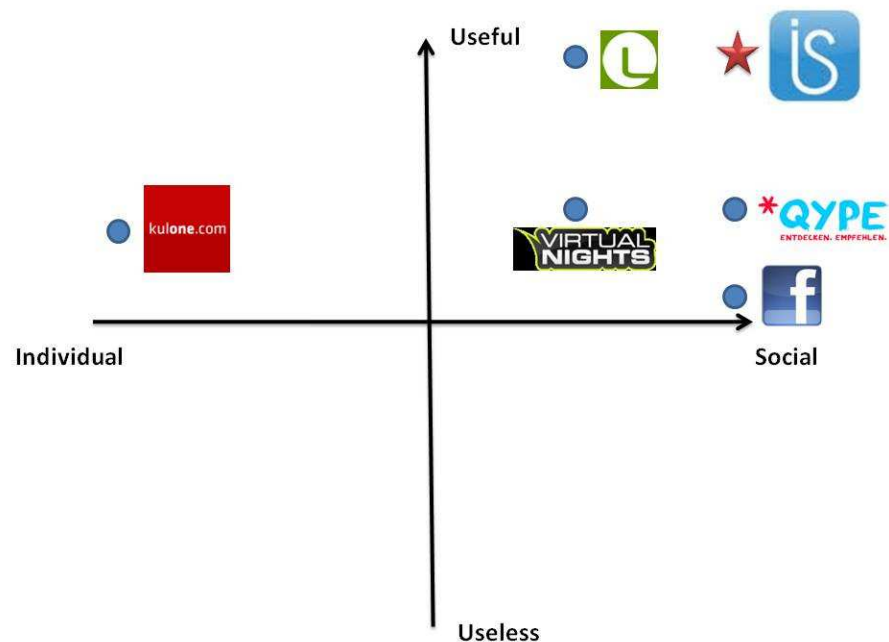


Figure 4.3.1 Positioning Map Private User

Figure 4.3.2 shows Barisma's desired position in the business user market in comparison to its competitors. Here the position is obvious, as it is desired to be the only network providing high visibility and high quality of services for businesses purposes at the same time.

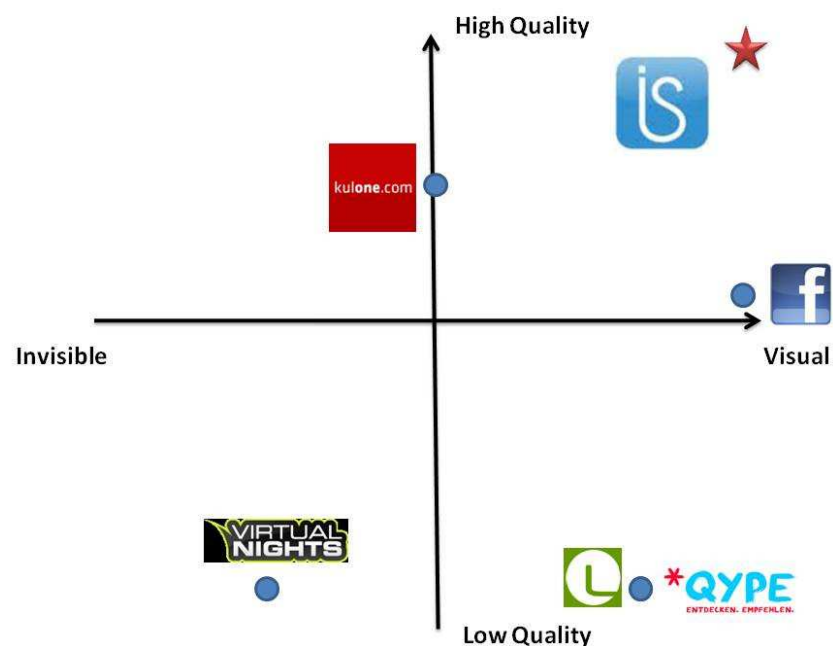


Figure 4.3.2 Positioning Map Business User

4.4 Marketing mix – The five P's

The following chapters suggest a marketing mix for Barisma to enter the German market.

Besides the traditional approach of a four P marketing mix – product, price, place, and promotion – one dimension – personnel – has been added since personnel is one of the most crucial parts which makes Barisma work as a service and generates sales and profit.

4.4.1 Products and services

The products and services offered by Barisma in the German market are the same as offered currently in the Finnish market. The services include a free web page, activation, discounts, VIP membership, collection point, premium, and sponsorship (see chapter 1.2.2 for more details).

Overall the services are standardized – services offered in Finland equal services which will be offered in Germany. Also the design of the website will be the same, except for the language. Even though many Germans speak English, it is more comfortable to use the own language. Adding German language also ensures that all potential customers are reached and not restricted by language barriers.

When entering a new market certain factors influence the adoption of the services and products offered. Most importantly services offered by Barisma must show an advantage over competitor's services in order to be accepted by customers. Later on in chapter 4.6 the competitive situation in the German market will be analysed more specifically. However generally speaking even though there are competitors, services offered by Barisma are overall more specific, serving the needs of the industry and creating usefulness and advantage over competitors services.

Another factor is the compatibility with local conditions. The services must suit customs and habits of German users. As it has been revealed in chapters 3.4.1 – 3.4.5 the market for social networks is growing and so are the number of their users and the purpose of networks. Barisma and the services offered are highly compatible with market conditions in Germany as it is serving the growing needs of private users and businesses.

Acceptance of a new service is also supported if the service can be tested by potential customers. Barisma's basic service – the free account – is a perfect trial for businesses to get to know the advantages Barisma has to offer and convince to purchase a premium account.

The last factor is the price. Chapter 4.4.2 discusses the pricing strategy of services offered. Generally speaking a new product or services' acceptance is reduced if the price is high, due to the fact that customers are not willing to pay a high price for an unknown product or service. In case of Barisma the basic service is free, so that price is not an important factor.

4.4.2 Price

The pricing strategy for the German market is the same as for the Finnish market.

The basic user account is free for everyone.

For private users there is the possibility to acquire a VIP membership sticker for 2 Euro, which enables the user to benefit from discounts.

Business users have the possibility to activate their account (which has been registered by a private user) for a fee starting from 50 Euro. The fee increases depending on the amount of time passes from venue registration to activation.

The next step after activation is to upgrade the account to a premium account to provide more information about the venue and offer discounts. The fee for a premium account starts from 300 Euros per annum.

4.4.3 Place

Since the services are offered via internet, place as such is not an important factor in designing a marketing mix.

Nevertheless choosing suitable distribution channels is crucial. On the one hand Barisma's website is one distribution channel mainly for private users. This website can be promoted through other social network channels such as Facebook or Twitter. For businesses the most important distribution channel are local sales agents. These two channels are the most cost effective and offer the most control.

A sales agent is physically placed where its potential customers are. A sales agent is Barisma's representative in a specific location, for example there is one agent for Berlin, covering all customers located in this area and winning new customers in the same area.

4.4.4 Promotion

In order to develop a promotional mix for Barisma, it is important to consider the characteristics of the service, the target market and the target segments.

Services offered by Barisma are mainly internet based, social and aim at delivering useful information and tools for its users.

The German market has been defined as a prosper market with high potential and demand for Barisma products. Not only is the current growth of social media supporting a market entry, but also the situation of the Going Out industry, especially the situation of bars, nightclubs and cafes is looking positive. The German culture is moving more and more towards an outgoing culture, like American culture. However in order to select the

right tools for promotion, cultural differences have to be taken into consideration.

Especially the desired target market – being young, dynamic, and outgoing – defines a clear way of using media to promote Barisma among the desired customers.

One part of the promotional mix is personal selling and in case of Barisma it is the most crucial tool. Personal selling is used as the main marketing and sales channel for business users. By nature personal selling is an oral presentation of the product or service, either face – to – face or through phone directly to the customer. The aim is mostly to make a sale. However personal selling is bound to high costs and in many countries it is seen as a low status occupation, receiving only little attention concerning a proper education or training. However in order to successfully close a deal, the selling style has to be understandable, convincing, interesting, and believable. This is why Barisma needs to search for sales agents with a suitable educational background, provide a proper sales agent training, offer an attractive incentive system, and engage with locals, as they do understand and are able to handle cultural issues the best. More about personnel will be explained in chapter 4.4.5.

Another promotional tool is sales promotion, especially exhibitions and fairs on a national and international level.

Since Barisma is a new company, it is very important to create a network especially when entering new markets. Fairs and exhibitions offer the opportunity to become visible to the public and connect to companies in the industry, which are potential customers. On an annual basis there are international and national fairs, dedicated to the bar scene and also broader events which are addressed to food and beverage, or Going Out industry in general. Nevertheless all of these fairs offer the opportunity to market Barisma and connect to the industry. Fairs in Germany include for example Barkultour, Bar Convent Berlin, barzone, Anuga, BRAU Beviale, and drinktec. Those events mostly require a fee for participating and setting up a booth. However the advantage of becoming known in the industry, winning potential customers or even closing a deal are clearly worth the time and money spent on participation. Especially when setting up a business this form of connecting to the industry can be very effective.

Public relations are another tool to address both – private and business users – and make Barisma visible in the market. Newspaper articles placed in professional journals and trade magazines, such as Mixology, Drinks magazine, or Disco magazine, are good for the first time getting in touch with the industry. In addition internet blogs and websites for professionals such as Deutsche Barkeeper Union (German Barkeeper Union) or magazines published by university unions help to get the attention of potential Barisma users. However it has to be considered that Barisma has only little control of what is published by a magazine or blog.

The last tool is traditional advertising in forms of printed ads in magazines and newspapers, preferably those professional and university union papers mentioned earlier. Also posters and flyers available at bars, cafes, night-

clubs or university hot spots (club rooms, cafeteria, library) are often an effective way to get attention. Last but not least the own website and Facebook account are an effective and low cost advertising tool.

4.4.5 Personnel

Barismas personnel consist of an online and offline team. The online team operates in the IT field and handles all matters concerning the website. It operates from Finland.

The offline team are the sales agents and are present in every country Barisma is operating in. The amount of sales agents varies depending on the demand in the market. For the German market the initial number of sales agents is suggested to be one sales agent per city, starting in five cities (for example Berlin, Munich, Leipzig, Cologne, Stuttgart). The number of agents is increased according to the markets demand.

The main tasks of an agent include organising events, meeting and negotiating with managers and sponsors, and follow industry events. Every agent receives tasks which need to be fulfilled on time. Agents also benefit from the freedom of choosing their working time and style. As payment agents will receive a commission which is based on the sale they generate and can be as high as 65% of the profit they make.

A Barisma agent ideally goes through five life cycle stages: Basic training, advanced training, Specialisation, Professional, and Barisma Agency. The incentive programme is tied to this life cycle.

In the first stage the agent undergoes a basic training and learns the tools needed to be an agent. In this stage an agent works solely on commission basis which are bound to the sales an agent generates.

The second stage provides a more advanced training and a bonus in addition to the commission.

During the first two stages it can be difficult to recruit the right people and to motivate them, as the payment is based on commission. In Germany commission based payment and being an external sales force in general has often a bitter taste to potential employees. One motivational tool is the prospective to receive a permanent employment contract with a basic salary when being upgraded to the next levels.

Stage three and four agents are considered to be professionals in their field and receive an employment contract with a fixed salary. Stage four agents receive in addition a bonus.

The highest stage is five and agents have established their own franchise. At this point agents have created a network of customers and generate high sales. In turn they receive a higher income and they have more freedoms and time. The franchise is financed by Barisma and agents receive a special training to run their own business. Barisma is a shareholder of each franchise and receives royalties and dividends.

As it has been uncovered during the market research, franchising is a growing market also in Germany and is one of the most attractive forms of

business. This can be another motivational tool to engage hard working agents, giving them the prospect of an own business.

When recruiting personnel it is important to recruit the right people with a right attitude in order to avoid early drop outs and to save costs spend on recruiting and training. Basic characteristics of a Barisma agent are for example: being social, outgoing, fun loving, and hard working. In addition such factors as educational and professional background in the business field are helpful for the agent to adapt to the new role quickly.

4.5 Branding, perception and image building

Barisma Oy as a company has a predefined name, logo, and layout and does not need to be changed in order to enter the German market. Barisma is an easy to remember and easy to speak out name and the logo is simple, stylish and easy to memorize and recognize. The layout of the website is also simple, not overwhelming, and designed to remind of other established social networks.

The visual parts, including logo, company name and design, are only one part of branding. More importantly is to create a positive image of the brand leading to a positive perception in customers mind is often the more important and more difficult part of branding. One way of creating a good reputation and building up a brands image is by ensuring customers positive experiences when using the services provided. This is on the one hand the online support provided by the team for online users in case problems arise when using the website. More importantly it is the sales agent activities and positive attitude towards the customers. As it has been mentioned earlier, customers tend to give feedback when problems arise. It is the agent's responsibility to become active and solve these problems, before it turns into negative word of mouth, thus supporting a negative perception and image.

In customers minds Barisma's desired perception is as an innovative solution to connect bars, cafes and nightclubs with their customers and enhance the positive experiences on both sides. Barisma should be perceived as a useful tool to find information needed quickly, easily and at any time and place. Once a positive image and perception has been created in customers minds, customers will be loyal and spread a positive word of mouth, which in turn supports boosts the promotional activities of Barisma.

4.6 Competition

The upcoming paragraph provides an overview of social networks in Germany, which are connected or used by the hospitality industry. Advantages and disadvantages of five communities – Facebook, Kulone, Qype, Lokalisten and Virtual nights – are discussed and analysed in regards to their suitability serving both private and business users purposes.

Facebook

- | | |
|------------------|-----------------------------|
| + Most users | - Too General |
| + Established | - Little information |
| + Many functions | - No connection possibility |

Facebook is one of the world's most famous social networks. In Germany Facebook has gained attention especially during 2010. It features most users and is very attractive for businesses as it is free, established and famous among customers. It offers a range of functions for users, but businesses have only little tools to promote their business as search functions are limited. It also does not offer the option to connect to other networks.

Kulone

- | | |
|--------------------------|----------------------------|
| + Event search engine | - Difficult navigation |
| + Connection to Facebook | - No community |
| + Global | - No information available |

Kulone is a company from Poland and acts as a search engine mainly for parties and events. It offers a possibility to connect to Facebook and operates globally. However Kulone is not a social community, even though it offers user registration. Interaction with other users is very limited and information about establishments is restricted. Navigation through the website appears to be difficult.

Qype

- | | |
|------------------|----------------------------------|
| + Global | - Subjective |
| + Meet people | - No special offers |
| + Mobile version | - Limited options for businesses |

Qype is an online assessment portal for hospitality businesses. It offers a profile and the possibility to connect with other users. It is operating globally and also offers a mobile version. However as it is an assessment portal, information about establishments are subjective and businesses have no possibilities to interact or offer discounts.

Lokalisten

- | | |
|------------------------------------|----------------------------------|
| + Very good information | - Limited options for businesses |
| + 1.5 million user | - Limited to Germany |
| + Connection to Facebook / Twitter | |

Lokalisten is one of the most famous niche networks in the Hospitality industry with 1.5 million users. It offers very detailed information about the businesses and connection options to Facebook and Twitter. Businesses have only limited options for interactions and the website is restricted to the German market.

Virtual nights

- | | |
|-------------------------------------|----------------------------------|
| + Information about other locations | - Focus on pictures |
| + Integrated radio | - Limited to Germany |
| + Mobile version | - Limited options for businesses |

Virtual nights offers good information about Hospitality businesses and in addition about other locations, for example where to go shopping. It has an integrated radio and is also available mobile. It has only limited options for businesses to interact and is available only for the German market. The main focus of the website is on pictures and events.

To sum up also the German market is active in social networking. Niche networks become increasingly popular and the competition is strong. However as the analysis shows, there is still much room for improvement and other social communities with well thought business plans.

As the positioning strategy chapter already analysed, the competition in the private customer market is strong, but Barisma has the opportunity to find a market niche by providing a good amount of information of the industry and offering social interaction. However the business market situation clearly offers a broader opportunity for Barisma, as the competition is less strong considering the service quality currently provided to businesses and the visuality achieved (mainly measured by the amount of private users).

4.7 Financial considerations

To implement a market entry to Germany, little financial resources are required in case of Barisma.

Since the main service is internet based and there will not be a physical office established in Germany at the point of entry, there are no fixed costs which need to be covered. Personnel costs are covered by commissions, which sales agents receive out of their sales generated.

The main costs arise from recruiting sales agents and marketing activities. However these costs can be kept low, if the right personnel is selected and promotional activities are planned well. Also by using the own sales force and website as the main promotion tool, costs can be kept low.

For start up companies there are possibilities in Germany to receive bank loans with a rather low interest rate and other financial and educational support. In addition each federal state offers different options of financial support for companies. Since the company has no physical location, it might be difficult to determine from which state financial aid could be received. A personal guarantee by a private person is another option to receive financial support. The EU also supports companies financially in different ways. For example financial aid is granted for companies supporting the local market and its developments. This means in particular, a company operating in an area with a weak economy is entitled to receive financial support for its operations.

5 TIME FRAME FOR IMPLEMENTATION

In order to implement the market entry strategy discussed throughout this thesis, a proper time plan has to be drawn and certain steps need to be followed in the implementation phase.

The following implementation plan is a suggestion to Barisma Oy on how to proceed with the German market entry. As a sample time frame, the year 2012 has been chosen starting from January and ending with the official launch after eight months of preparation. However the sooner the market entry can be launched, the higher the chances are of being ahead of competition.

First step – January 2012

Before an actual market entry can take place, the latest version of the Business plan should be checked on its suitability to the German market conditions and, if necessary, adapted to the local conditions. These changes include adapting competition situation, personnel and marketing plan according to the market situation.

Besides the business plan check, all products and services should be made available in German language.

Second step – February to April 2012

The availability of financial resources needs to be checked and if possible applied for. As mentioned in chapter 4.7, financial help can be received directly from Germany or by applying for EU funds. However there is also the possibility to receive financial support when recruiting personnel. The Bundesagentur für Arbeit is the public recruitment institution, offering help for companies looking for personnel. This institution offers also projects to support businesses recruiting employees, which fulfil certain conditions.

All legal necessities need to be applied for and acquired according to German law for establishing a business and recruiting commissioned sales personnel. As mentioned in chapter 3.3.1 every business needs to be reported to the Trade Licensing Office, located in the area where the business is set up. The costs are between 20 – 40 Euros for registration. A maximum of five target cities is chosen and personnel recruitment starts. Interviews are held until a suitable sales force has been found.

Third step – May to July 2012

A maximum of 10 sales agents has been recruited and is trained over a three month time period. First sales ought to be acquired during this training phase. In addition marketing material is designed and delivered with the help of the sales agents in order to receive attention by the public.

Suitable professional magazines are contacted to promote Barisma with the help of professional articles (see chapter 4.4.4 Promotion). “Mixology”, “Disco”, and “Drinks” are famous magazines among the industry, but also “Dates” is a popular magazine among young adults, who are looking for upcoming events; however it is only a regional magazine, restricted to Magdeburg and Erfurt.

The possibility of upcoming fairs and exhibitions should be checked and planned. As mentioned in chapter 4.4.4, famous fairs include barzone, which is scheduled again for 22-23 May 2012 in Berlin, or drinktec, which is scheduled for September 2013.

Fourth step – August 2012

Barisma is officially launched in the German market. Sales agents are actively involved in generating sales. Depending on the demand, additional sales agents are recruited, covering other areas.

6 CONCLUSION

This thesis was commissioned by Barisma Oy, a newly established Finnish web-based company, which specialises in providing a social community dedicated to bars, cafes, and nightclubs, their users, owners, and workers. The purpose was to research the German market and analyse its potential as a target market for Barisma Oy. As technologies are evolving, making web presence has become a crucial part for all businesses and this thesis is considered to be a topic of interest, especially in relation to the latest developments in the field of social media.

A diversity of sources, including books and internet sources, has been used to provide the theoretical background to the topic. Different aspects of market entry and customer behaviour have been discussed to present the basics any customer oriented business needs to define when considering to explore new markets. Special emphasis has been placed on social media and social networking, due to the actuality and meaningfulness of this thesis.

A detailed market research has been conducted using available online sources in order to explore the German market to analyse its suitability as a target market for Barisma Oy. The research has revealed that Germany is a favourable market for businesses. Its central location is logistically good and the economy has recovered from the 2009 recession rather quickly. However the industry for bars and other drinking establishments has not profited as much from the quick recovery as other industries did. Still it has been predicted the industry will overcome the obstacles throughout summer 2011, due to the summer events boosting the industry. A risk assessment uncovered a very low country risk in regards to financial, political and economical issues. It has also been shown, that the economical and legal background of the market creates a very supportive environment for businesses. The EU membership eases entry barriers and provides stability for EU members to establish business in Germany. In fact it has been discovered that setting up a business is rather simple, but involves quite a lot of bureaucracy. Western straightforward and western business culture enables a positive atmosphere for doing business, however basic rules might differ significantly and the proper behaviour should be known before setting up businesses negotiations.

In addition the research has shown an overall positive industry trend. Especially social media and social networks are still in their growing phase among German users. The amount of users is growing daily and so is the number of websites. Nevertheless it has also been revealed that niche networks are still lacking, especially those dedicated to bars, cafes, nightclubs, as well as their owners, workers, and users. It is now the time that niche networks claim their share of the market establishing a more advanced form of networking. For business purposes the importance of social networking also has been revealed to grow in importance. Currently many businesses are still new to the industry and lack the knowledge how to use the networks to their advantage.

A study has also shown that customers often turn to internet sources, to find information when going out or visit places. Internet has become also an important platform to spread criticism and negative experiences customers make. This certainly shows the importance of the medium and the importance for businesses to understand networks and use them correctly for their purposes in order to prevent or react to critics before negative word of mouth spreads.

A competition analyses has revealed that overall Germany is a very competitive market. Considering the social networking field, especially competition among niche networks is rather low, as they are in their development phase. Nevertheless there are networks serving bars, nightclubs, and cafes such as Facebook, Kulone, Qype, Lokalisten or Virtual Nights. A SWOT analyses exposed a positive market environment for existing networks, which is often not used by the networks to the extent it could be.

The theoretical background and the research results have been used to create a market entry strategy for Barisma Oy. Segmentation and positioning divide the 82 million potential customers sizing the market down to a desired young, active, and fun enjoying audience as well as business customers of the companies related to the Going Out industry, such as bars, nightclubs, and cafes. Private customer groups have been identified as information searchers, social interactors, bargain hunters, and adventurers. Concerning business users, the groups differ from private users and are related to services Barisma offers: VIP, sponsor, activators, and freebies. According to the results of the segmentation, Barisma has been positioned as a highly useful and social tool for private users in relation to its competition and as a high quality and highly visual tool for business purposes. Positioning maps also uncovered that Barisma holds a position no other existing competitor is able to fulfil currently.

Finally the most suitable marketing mix has been developed, expanding the traditional four P approach to a five P marketing mix. These five P's include price, product, place, promotion and personnel. The overall products or services are standardized for the German market. Only little adaptations need to be made, including offering the website in German language. Also the pricing structure is taken over from the Finnish strategy. Since the services are online based, it has been decided that for the time of entry, no physical office has to be established to conduct business. However commission based sales agents are local and are the most important promotion tool, besides sales promotion (fairs), public relations, and traditional advertising.

In addition it has been suggested that establishing a brand is best performed by using sales agent's promotional activities to generate a positive perception of Barisma Oy and ultimately a positive image. However Barisma's appearance – including logo, name, and website design – have been decided to be taken over as they are. The way Barisma has been visually designed currently is very simple, easy to memorize, and stylish.

All these factors promote the establishment of a globally recognized brand.

In terms of finding a competitive advantage, it has been exposed that competitors researched are mainly lacking to offer business solutions of their services. This is the edge Barisma is recommended to build their business around and gain competitive advantage.

From financial perspective the research has shown that only little financial requirements are necessary, since the service is available online and the sales force is paid by commissions from the sales they generated. Nevertheless Germany and the EU make financial resources available for companies through different programmes, especially on a local level and establishing a business in an economical weak area financial support is often available.

Finally an implementation plan has been suggested to establish Barisma in Germany within a time frame of eight months.

To conclude this thesis's findings, it should be said that Barisma Oy's business idea is a highly innovative idea for private as well as business users. It has a great chance of success on the German market, due to current market trends and the further development of the networking industry. Winning customers in the German market means winning a great share of the European market and can open the door for entering other European as well as global countries.

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MASLOW'S THEORY OF MOTIVATION – HIERARCHY OF NEEDS

In 1943, Dr. Abraham Maslow's article "A Theory of Human Motivation" appeared in *Psychological Review*, which were further expanded upon in his book: *Toward a Psychology of Being*. In this article, Abraham H. Maslow attempted to formulate a needs-based framework of human motivation and based upon his clinical experiences with people, rather than as did the prior psychology theories of his day from authors such as Freud and B.F. Skinner, which were largely theoretical or based upon animal

behaviour. From this theory of motivation, modern leaders and executive managers find means of motivation for the purposes of employee and workforce management. Abraham Maslow's book *Motivation and Personality* (1954), formally introduced the Hierarchy of Needs.

The basis of Maslow's motivation theory is that human beings are motivated by unsatisfied needs, and that certain lower factors need to be satisfied before higher needs can be satisfied. According to Maslow, there are general types of needs (physiological, survival, safety, love, and esteem) that must be satisfied before a person can act unselfishly. He called these needs "deficiency needs." As long as we are motivated to satisfy these cravings, we are moving towards growth, toward self-actualization. Satisfying needs is healthy, while preventing gratification makes us sick or act evilly.

As a result, for adequate workplace motivation, it is important that leadership understands the active needs active for individual employee motivation. In this manner, Maslow's model indicates that fundamental, lower-order needs like safety and physiological requirements have to be satisfied in order to pursue higher-level motivators along the lines of self-fulfilment. As depicted in the following hierarchical diagram, sometimes called 'Maslow's Needs Pyramid' or 'Maslow's Needs Triangle', after a need is satisfied it stops acting as a motivator and the next need one rank higher starts to motivate.



Self-actualization is the summit of Maslow's motivation theory. It is about the quest of reaching one's full potential as a person. Unlike lower level needs, this need is never fully satisfied; as one grows psychologically there are always new opportunities to continue to grow.

Self-actualized people tend to have motivators such as:

- * Truth
- * Justice
- * Wisdom
- * Meaning

Self-actualized persons have frequent occurrences of peak experiences, which are energized moments of profound happiness and harmony. According to Maslow, only a small percentage of the population reaches the level of self-actualization.

Esteem Needs

After a person feels that they “belong”, the urge to attain a degree of importance emerges. Esteem needs can be categorized as external motivators and internal motivators.

Internally motivating esteem needs are those such as self-esteem, accomplishment, and self respect. External esteem needs are those such as reputation and recognition.

Some examples of esteem needs are:

- * Recognition (external motivator)
- * Attention (external motivator)
- * Social Status (external motivator)
- * Accomplishment (internal motivator)
- * Self-respect (internal motivator)

Maslow later improved his model to add a layer in between self-actualization and esteem needs: the need for aesthetics and knowledge.

Social Needs

Once a person has met the lower level physiological and safety needs, higher level motivators awaken. The first level of higher level needs are social needs. Social needs are those related to interaction with others and may include:

- * Friendship
- * Belonging to a group
- * Giving and receiving love

Safety Needs

Once physiological needs are met, one’s attention turns to safety and security in order to be free from the threat of physical and emotional harm. Such needs might be fulfilled by:

- * Living in a safe area
- * Medical insurance
- * Job security
- * Financial reserves

According to the Maslow hierarchy, if a person feels threatened, needs further up the pyramid will not receive attention until that need has been resolved.

Physiological Needs

Physiological needs are those required to sustain life, such as:

- * Air
- * Water
- * Food
- * Sleep

According to this theory, if these fundamental needs are not satisfied then one will surely be motivated to satisfy them. Higher needs such as social needs and esteem are not recognized until one satisfies the needs basic to existence.

Applying Maslow's Needs Hierarchy – Business Management Implications

If Maslow's theory is true, there are some very important leadership implications to enhance workplace motivation. There are staff motivation opportunities by motivating each employee through their style of management, compensation plans, role definition, and company activities.

- * **Physiological Motivation:** Provide ample breaks for lunch and recuperation and pay salaries that allow workers to buy life's essentials.

- * **Safety Needs:** Provide a working environment which is safe, relative job security, and freedom from threats.

- * **Social Needs:** Generate a feeling of acceptance, belonging, and community by reinforcing team dynamics.

- * **Esteem Motivators:** Recognize achievements, assign important projects, and provide status to make employees feel valued and appreciated.

- * **Self-Actualization:** Offer challenging and meaningful work assignments which enable innovation, creativity, and progress according to long-term goals.

Remember, everyone is not motivated by same needs. At various points in their lives and careers, various employees will be motivated by completely different needs. It is imperative that you recognize each employee's needs currently being pursued. In order to motivate their employees, leadership must be understand the current level of needs at which the employee finds themselves, and leverage needs for workplace motivation.

Maslow's Theory – Limitations and Criticism

Though Maslow's hierarchy makes sense intuitively, little evidence supports its strict hierarchy. Actually, recent research challenges the order that the needs are imposed by Maslow's pyramid. As an example, in some cultures, social needs are placed more fundamentally than any others. Further, Maslow's hierarchy fails to explain the "starving artist" scenario, in which the aesthetic neglects their physical needs to pursuit of aesthetic or spiritual goals. Additionally, little evidence suggests that people satisfy exclusively one motivating need at a time, other than situations where needs conflict.

While scientific support fails to reinforce Maslow's hierarchy, his theory is very popular, being the introductory motivation theory for many students and managers, worldwide.

To handle a number of the issues of present in the Needs Hierarchy, Clayton Alderfer devised the ERG theory, a consistent needs-based model that aligns more accurately with scientific research.

*Source: Project Management Course, 2009. Maslow's Hierarchy of Needs. [online]
Available at: http://www.abraham-maslow.com/m_motivation/Hierarchy_of_Needs.asp
[Accessed 6 June 2011].*

TOP TIPS ON GERMAN BUSINESS CULTURE

- Tip 1 Germans are uneasy with uncertainty and ambiguity. They like to analyse problems in great depth before reaching a conclusion and are uncomfortable with 'feelings' or 'hunches' in the business setting.
- Tip 2 In-depth, long-term planning is both expected and respected. Such planning helps, in large measure, to shape the future.
- Tip 3 The greatest amount of respect is due to the person with the greatest depth of technical merit. Therefore, education is highly prized.
- Tip 4 Once decisions have been made, everybody is expected to carry them out without question, regardless of their agreement or disagreement with the original decision.
- Tip 5 The boss is expected to know his/her subject and give clear leadership. As there is a strong respect for authority, subordinates will rarely contradict the boss in public.
- Tip 6 Outbursts of emotion in the workplace (anger, frustration etc.) are seen as signs of weakness and lack of professionalism.
- Tip 7 Employees expect to be given precise, detailed instructions regarding specific tasks, but then expect to be left to carry them out without undue interference or supervision.
- Tip 8 Relationships between bosses and subordinates tend to appear somewhat formal.
- Tip 9 Appraisal systems are difficult to implement. Germans are expected to perform their tasks professionally and correctly. Why should positive feedback be necessary?
- Tip 10 German companies tend to be hierarchical and departmentalised. Each department seems to guard its power base and information is expected to flow through proper channels.
- Tip 11 Teams built across hierarchical lines tend to be difficult to arrange and manage as they interfere with the normal structures and rules.
- Tip 12 Meetings tend to be formal, unless on a one-to-one basis. If you want to find out opinions, possible trends of thinking etc., it is often more successfully done in an informal one-to-one meeting.
- Tip 13 Germans usually arrive extremely well prepared-for meetings with all the facts and figures at their disposal. The idea of attending an important meeting with no firm opinion would be quite unusual.

- Tip 14 The truth does not lie in a compromise or middle ground between two conflicting ideas. Compromising can be seen as weakness, diffidence or uncertainty.
- Tip 15 It is better to say nothing than to comment on topics about which you have no particular knowledge or expertise.
- Tip 16 Internal information flow is top-down on a need-to-know basis. It is expected that superiors are better informed than others are.
- Tip 17 More reliance is placed on the printed than the spoken word and it is always important, therefore, to put information, decisions etc. In writing.
- Tip 18 Humour is generally out of place in the work place. You should certainly avoid humour in all difficult or important business situations. However, when socialising with Germans you will find that they are as keen to enjoy themselves as you are.
- Tip 19 Punctuality is important – do not be guilty of stealing time.
- Tip 20 Germans may seem extremely formal – even amongst themselves. This over-formality is a sign of respect as is using the formal Sie and Herr or Frau with people they may have known for many years.

Source: WorldBusinessCulture, n.d., Doing Business in Germany. [online] Available at: <http://www.worldbusinessculture.com/Business-in-Germany.html> [Accessed 2 May 2011].

INTERVIEW

Name Betrieb: Hegel Bierbar

Ansprechpartner: Jörg Sporleder

Art des Betriebs:

☒ Bar/Kneipe

☐ Nachtclub/Disco

☒ Restaurant

☐ Cafe

Größe des Betriebs:

☒ Klein

☐ Mittel

☐ Groß

1. Wie oft nutzen Sie Soziale Netzwerke für Geschäftszwecke?

Ein Facebook Account ist vorhanden sowie eine Verlinkung und Weiterleitung auf Stayfriends.

2. Haben Sie Geschäftsvorteile durch die Nutzung Sozialer Netzwerke gegenüber traditionellen Medien entdeckt? Wenn Ja, bitte erläutern Sie diese kurz.

Soziale Netzwerke sind eine sehr gute Alternative zur traditionellen Werbung. Sie bieten eine gute Weiterleitung über die persönlichen Kontakte der User.

3. Konnten Sie mit Hilfe Sozialer Netzwerke ein neues Kundensegment erreichen?

Konnte bisher nicht eindeutig festgestellt werden.

4. Welche Sozialen Netzwerke empfinden Sie als besonders nützlich für Ihr Unternehmen?

Facebook, Stayfriends

5. Warum ist dieses Netzwerk nützlich?

Bietet die Möglichkeit der Neukundengewinnung und Werbung.

6. Welche Art von Werbung nutzen Sie außerdem?

Anzeigen im Dates, Flyer mit Verteilung in Postcard Ständern, Happy Dinner Card (2 zu 1).

NUTZERUMFRAGE

1. Alter

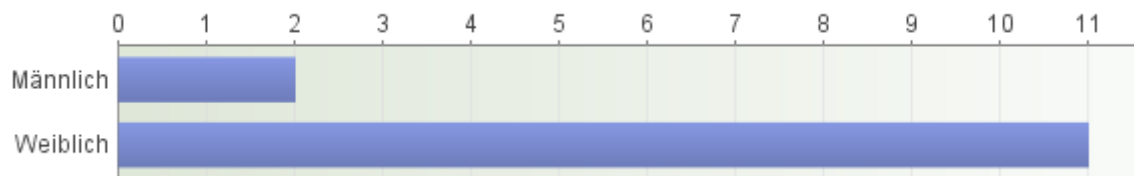
Number of respondents: 13

Bitte hier euer Alter eintragen.

- 20
- 23
- 29
- 19
- 37
- 30
- 21
- 22
- 20
- 22
- 27
- 26
- 26

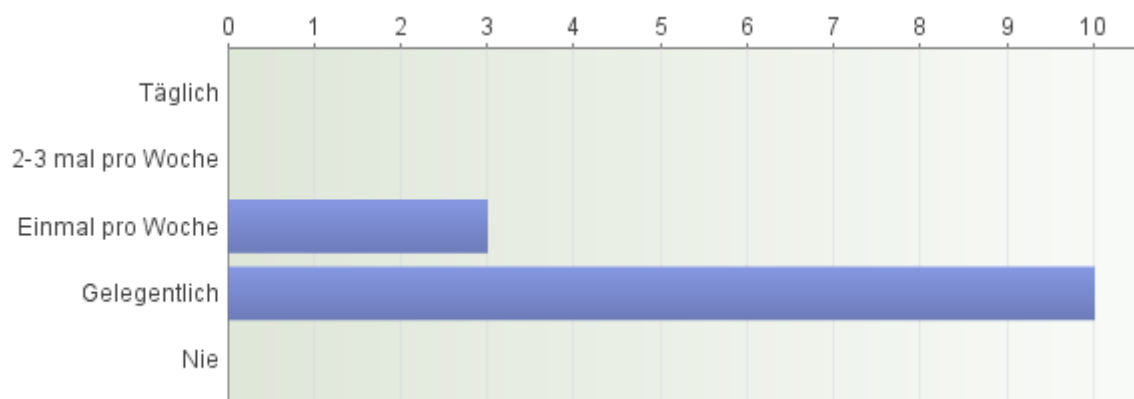
2. Geschlecht

Number of respondents: 13



3. Wie oft gehst du aus?

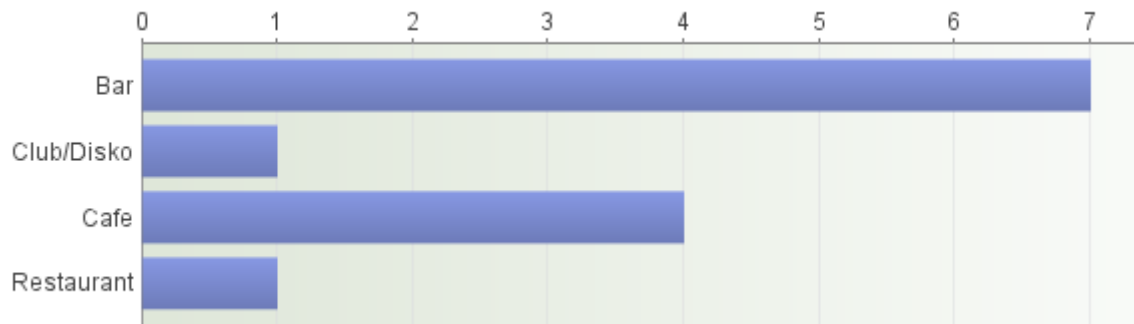
Number of respondents: 13



4. Wo warst du zuletzt?

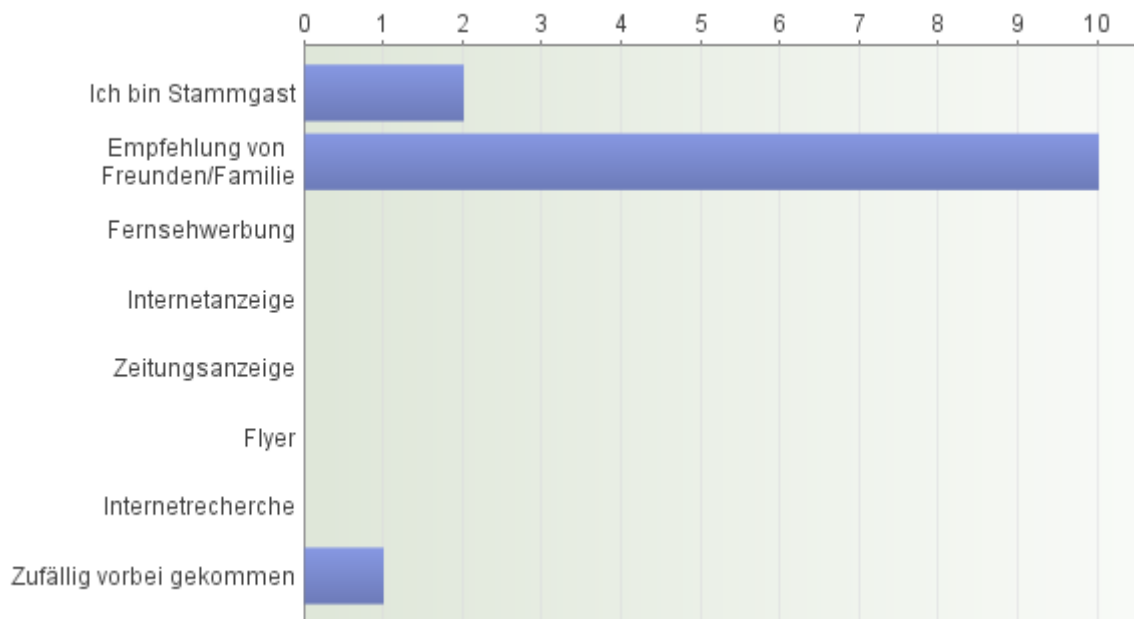
Number of respondents: 13

Entering the German Market – Case Study: Barisma Oy



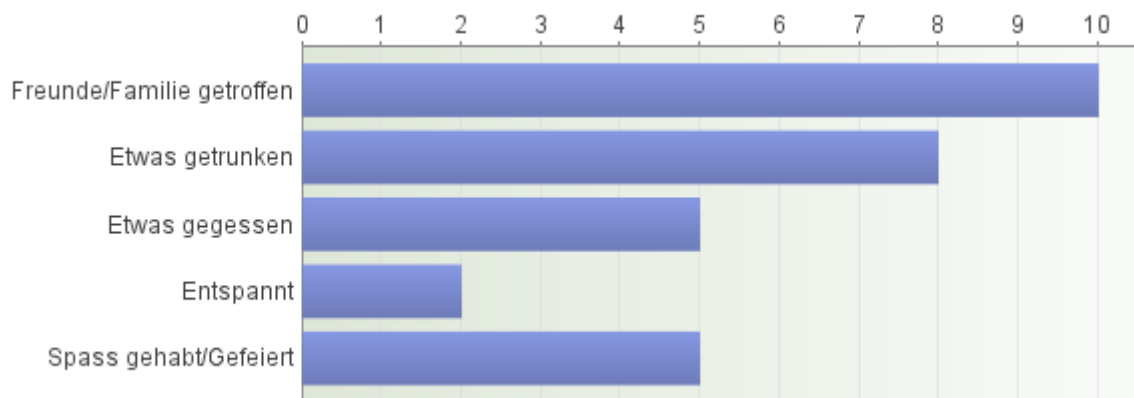
5. Wie bist du auf diese Einrichtung aufmerksam geworden?

Number of respondents: 13



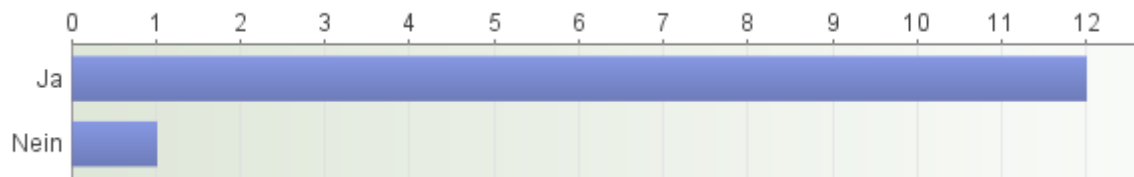
6. Was hast du dort gemacht?

Number of respondents: 13



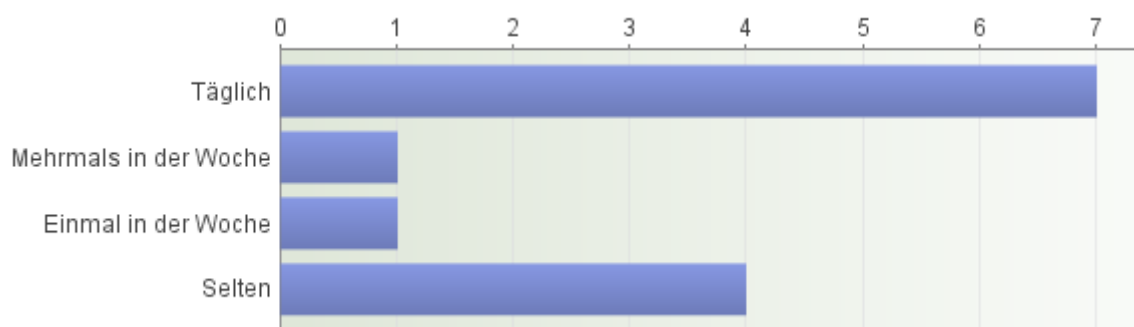
7. Nutzt du das Internet um Informationen über Bars, Nachtclubs etc. zu sammeln?

Number of respondents: 13



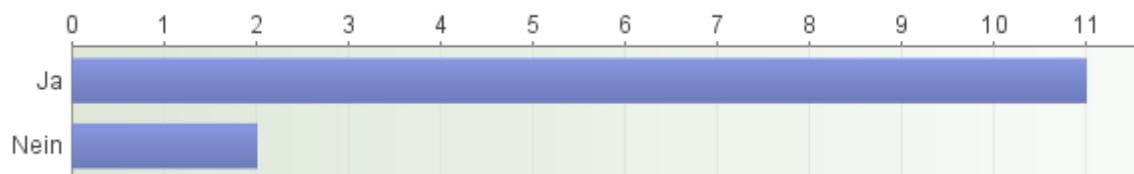
8. Wenn ja, wie oft nutzt du das Internet?

Number of respondents: 13



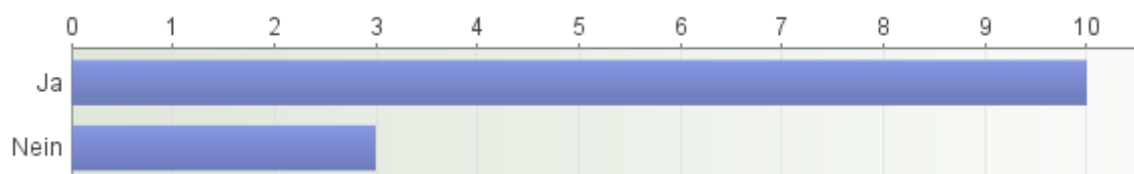
9. Nutzt du Soziale Netzwerke im Internet (StudiVZ, Facebook, YouTube etc.)?

Number of respondents: 13



10. Nutzt du oder würdest du Soziale Netzwerke nutzen um Informationen über Events/Bars zu erhalten?

Number of respondents: 13



11. Auf einer Skala von 1 bis 5, inwieweit glaubst du, dass die Interpräsenz einer Bar, Disko etc. (z.B Facebook Profil) Einfluss auf deren Popularität hat?

Entering the German Market – Case Study: Barisma Oy

Number of respondents: 13

	1	2	3	4	5		Total	av.
Es ist egal ob eine Bar oder Disko ein Facebook Profil hat - die Gäste bleiben dieselben.	1 7,7%	3 23,1%	2 15,4%	4 30,8%	3 23,1%	Ohne Internet- präsenz ist es heutzutage unmöglich neue Gäste zu gewin- nen und Soziale Netzwerke spielen dabei eine große Rolle.	13	3.38

12. Hier kannst du Kommentare oder Anregungen hinterlassen, falls du möchtest.

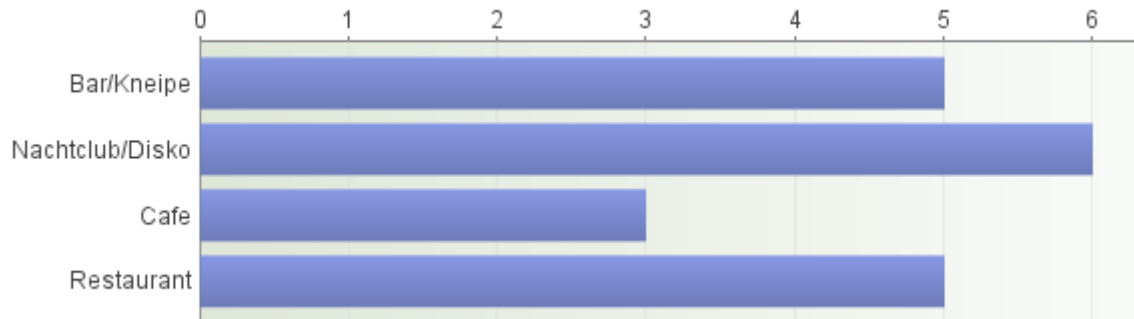
Number of respondents: 3

- Soziale Netzwerke sind heutzutage zu einem wichtigen Instrument in der Gesellschaft geworden, um die Kommunikation zwischen den Menschen zu verbessern und zu fördern. Besonders junge Menschen betrifft diese Art der Kommunikation. Da Diskotheken natürlich für junge Menschen in der Freizeit und zur Unterhaltung wichtig sind, tauscht man sich auch darüber im Internet über soziale Netzwerke aus und kann schneller Verabredungen abwickeln.
Auch dienen soziale Netzwerke dazu, damit Bars und Restaurant Werbung im Internet machen können, um ihr Image zu verbessern und ihre Zielgruppen anzusprechen.
- Viel Glück
- Ich such immer nach Fotos und Bewertungen online. Sowas hilft, um zu beurteilen, ob die entsprechende Einrichtung etwas für mich ist oder eher nicht.

UMFRAGE BETRIEBE

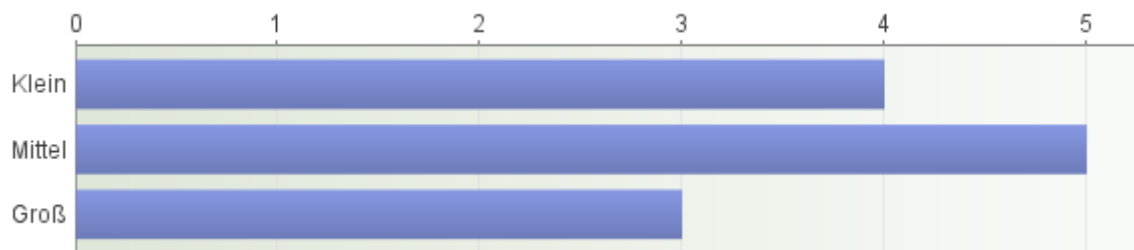
1. Art des Betriebs (mehrere Antwortmöglichkeiten)

Number of respondents: 12



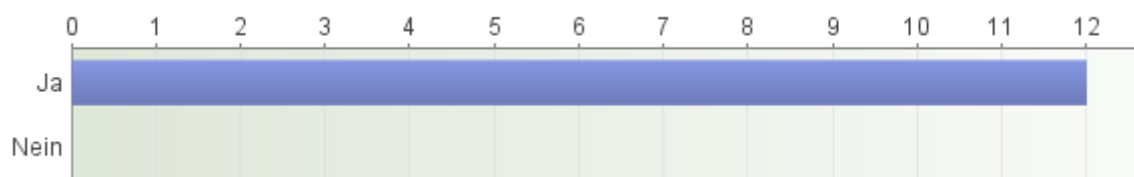
2. Größe des Betriebs

Number of respondents: 12



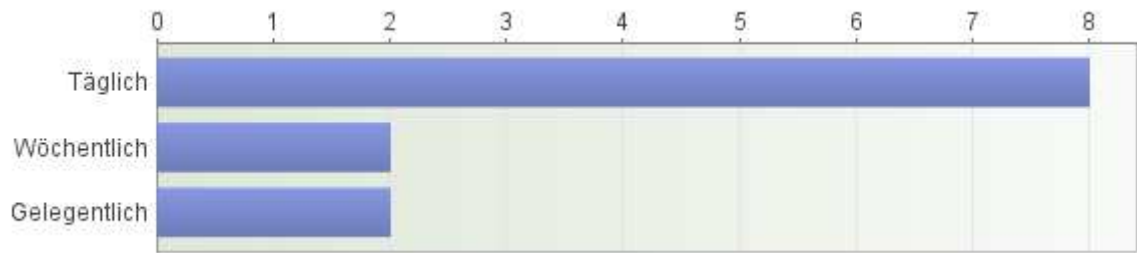
3. Nutzen Sie Online Soziale Netzwerke für Geschäftszwecke?

Number of respondents: 12



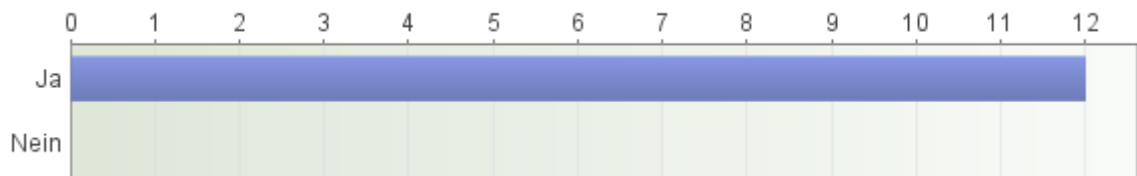
4. Wenn Ja, wie oft?

Number of respondents: 12



5. Haben Sie Geschäftsvorteile durch die Nutzung Sozialer Netzwerke entdeckt?

Number of respondents: 12



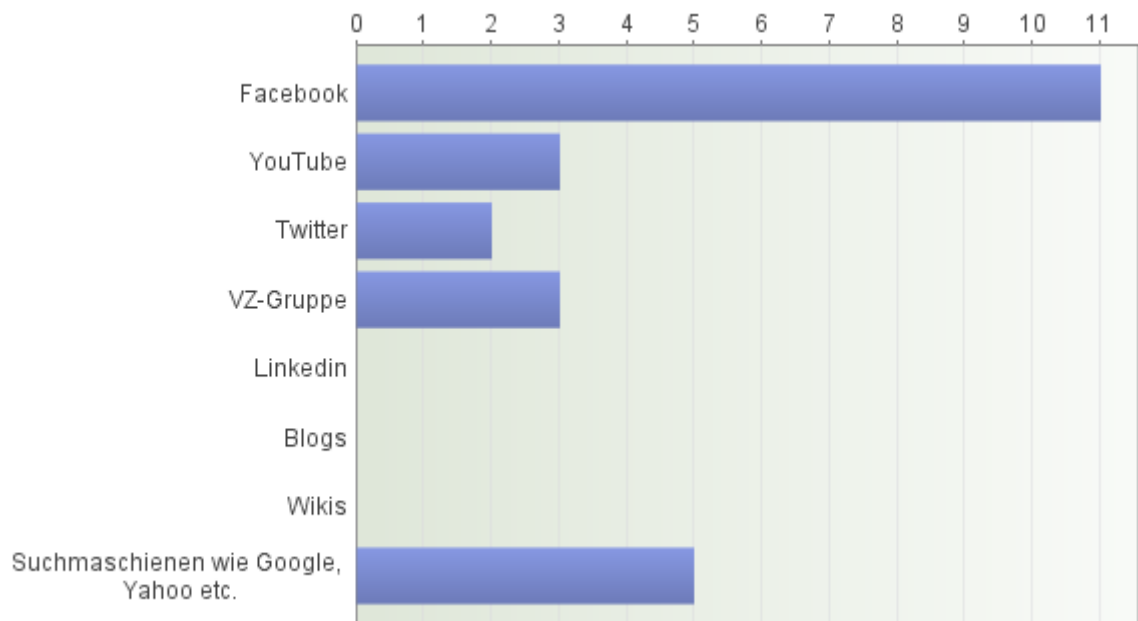
6. Falls Sie die vorherige Frage mit "Ja" beantwortet haben, schätzen Sie bitte ein:

Number of respondents: 12

	Mehr	Keine Veränderung	Weniger	Total	av.
Besucher-/Gästezahlen	6	3	0	9	1.33
Einnahmen	4	5	0	9	1.56
Werbeausgaben	0	1	8	9	2.89

7. Welche/s Online Netzwerk/e empfinden Sie als besonders nützlich für Ihr Unternehmen? (Mehrere Antwortmöglichkeiten)

Number of respondents: 12



8. Warum ist dieses Netzwerk besonders nützlich? (Mehrere Antwortmöglichkeiten)

Number of respondents: 12