

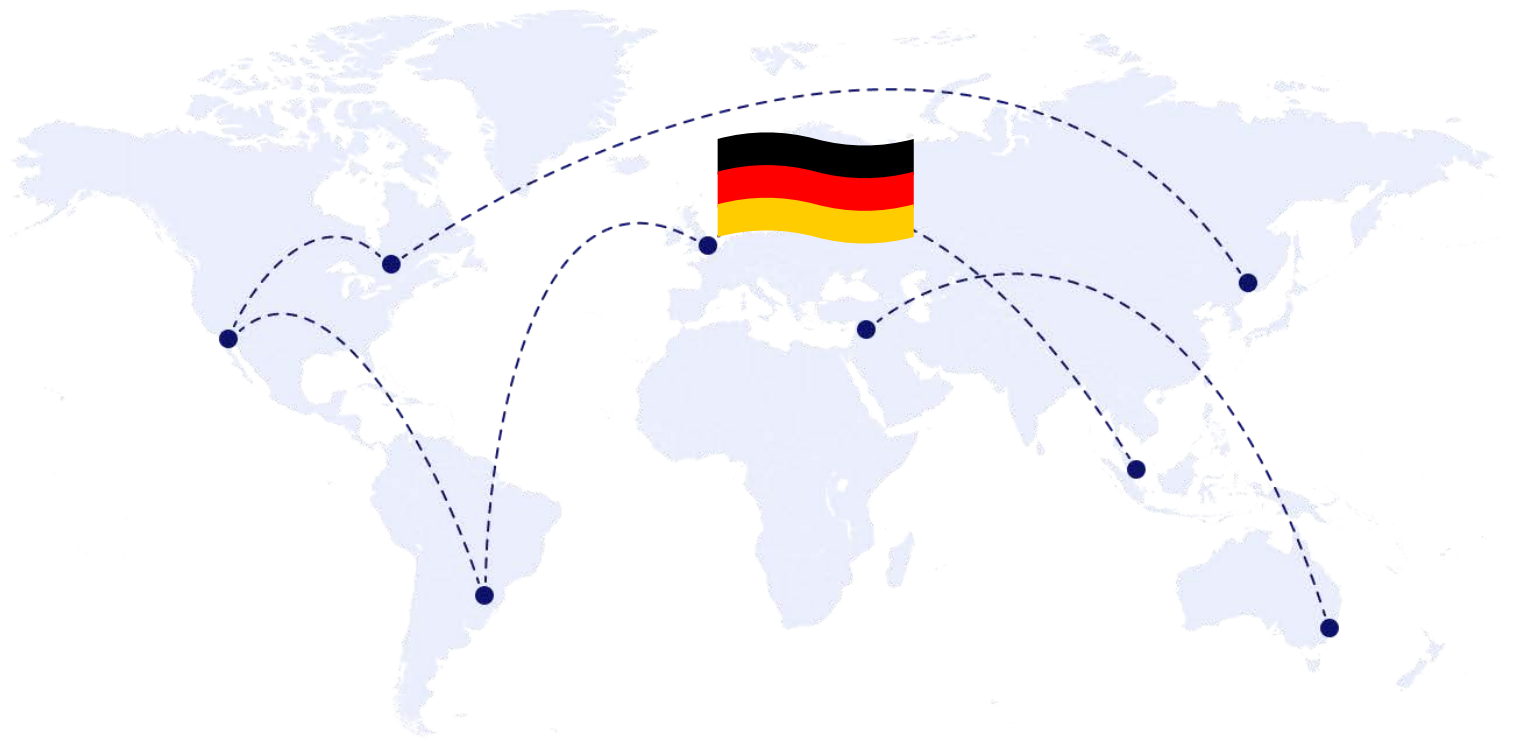
**How to expand into Germany:  
A seller's guide to retail  
and eCommerce**

**WORLDFIRST**



**UEFA  
EURO2020**

**OFFICIAL PARTNER OF UEFA EURO 2020**



## The world is your playground

There are many reasons to look overseas when thinking about expanding your business operations. To begin with, you'll gain access to a new audience and potential sales, and protect your revenue stream if there's a downturn in your domestic market. Then, with the acceleration into the digital age, it's now easier than ever to open an eCommerce store in a different country.

Online marketplaces are just one way of launching overseas; their prime benefit is the money, technology and expertise they invest into bringing customers to your online store.

On the other hand, you'll be competing in a space with hundreds – if not thousands – of other sellers and it may be harder to differentiate yourself.

In this guide, we look at the top four online marketplaces in Germany, why you might consider expanding into this European nation and things to consider before you make the leap. As a proud partner of UEFA EUROS 2020, we want to help you do global business like a local. Because when it's easy to make international business payments, the world is your playground.



# The retail and eCommerce landscape



**62%**  
of global online retail sales belong to marketplaces<sup>1</sup>



**€83B**  
in eCommerce revenue in 2020 in Germany alone<sup>2</sup>



**3rd**  
largest eCommerce market in Europe in 2020<sup>3</sup>



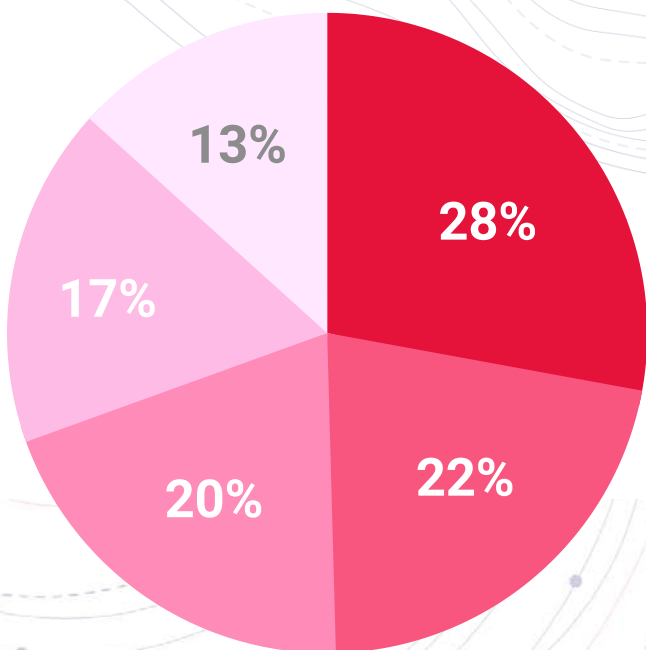
**\$5.4T**  
projected e-retail revenue in 2022<sup>4</sup>

## Top Online Shopping Categories in 2021<sup>5</sup>

- Fashion
- Toys, Hobbies & DIY
- Electronics & Media
- Food & Personal Care
- Furniture & Appliances

### Sources:

1. [Digital Commerce 360](#)
2. [eCommerce News](#)
3. [JP Morgan](#)
4. [Statista](#)
5. [Oberlo](#)



# Germany at a glance



**7th largest country**  
in Europe by size



**2nd most populated**  
after Russia, with a  
population of over 84 million



**Largest national economy**  
in Europe

**Population:** 84 million

**Official language:** German

**Currency:** Euro

**Bordering countries:** Nine (Denmark, Poland, Czech Republic, Switzerland, Austria, France, Belgium, Luxembourg and the Netherlands)

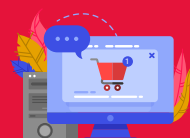
Despite their very active eCommerce market, Germans tend to shop domestically, with cross-border shopping lower than their European counterparts. This means that for international sellers looking to crack the German market, platforms such as Amazon.de and Zalando may be a good entry point.



When buying from abroad, vehicle parts and accessories are the most purchased category, followed by clothes, shoes and accessories



Watching TV, listening to the radio and surfing the internet are the most common pastimes



79% of individuals (of its 84 million population) between 16 and 74 years of age admit to shopping online



## Germany in UEFA history

Football (Fußball in German) is the national sport of the country, and the most popular spectator sport, with tens of thousands attending matches every week.



**UEFA wins:** Three (1972, 1980, 1996)

**Living legend:** Franz Beckenbauer  
(national team career 1965 – 1977)

**Fun fact:** Germany set a European Championship qualifying record win in 2006 when it beat San Marino 13-0

# Top German marketplaces to sell on

\*Based on Similarweb data

Marketplaces

amazon.de

OTTO

zalando

Kaufland

Marketplaces	amazon.de	OTTO	zalando	Kaufland
Net annual sales, 2020	USD 15.836 million	USD 4.192 million	USD 2.218 million	No info available
Avg. monthly site visits*	514 million	59.6 million	29.8 million	35.9 million
Main product categories	32+ product categories	168+ product categories Including Fashion & Lifestyle, Furnishing & Living, Electronics	Fashion-focused – apparel, sports, lifestyle, beauty & accessories	40+ product categories including electronics, toys, clothing, homewares & garden goods and DIY products, sports, automotive, health & beauty, food & drinks
Merchant charges & fees	VAT (Value added tax)	Monthly base fee: 39.90€ Market-based commission on sold items <small>^Commissions depends on the product group</small>	No listing fees Commission on sold items: 5-25% <small>^Commissions depends on the product category and the price of the product.</small>	Commission on sold items: 6-12.5% Monthly fee: 39.95€ <small>^Unlimited listing of items No costs for payment methods, includes all relevant payment methods for the German market</small>
Language	German	German	German	German
Currency	EUR for EU GBP for UK SEK for SE	EUR	EUR GBP CHF KR (SWE, NOR) KR (DK)	EUR



**amazon.de**

**Amazon** provides access to a potential ready-made audience of close to 271 million in the European Union and remains the #1 marketplace in the EU, with an average yearly growth of 14%.

## Amazon offers immediate marketplace access to five markets



**Germany**  
Population:  
84 million



**France**  
Population:  
65 million



**Spain**  
Population:  
46 million



**Italy**  
Population:  
60 million



**Netherlands**  
Population:  
17 million



### Logistics

Pan-European Fulfilment By Amazon (FBA) helps you to sell across Amazon's European marketplaces by enabling the placement of your inventory closer to customers. Here's how it works:

- a. Send your products to an Amazon fulfilment centre in Europe
- b. Amazon allocates your inventory for storage across their European fulfilment network at no extra cost, in countries where you have enabled inventory placement to meet anticipated future demand (NB: From 1st January 2021, Amazon ceased moving inventory across the UK/EU border. You can continue using the same FBA SKU for your UK and EU listings)
- c. Amazon distributes your products and provides customer service for those products



### Multi Country Inventory

Choose where to store goods in multiple warehouses around the EU



### Central European FBA

German marketplace + stock stored in Poland and the Czech Republic



**Otto** is one of Germany's leading eCommerce company and operates in over 30 countries. As of 2019, Otto.de was among the 100 leading online shops in Germany, ranking second behind Amazon in terms of revenue.



## Logistics

- Hermes or DHL as carrier
- Fulfillment by Seller, where the seller handles shipments to end customers as well as returns via a German warehouse



## Onboarding requirements

- Must have a business in Germany with a German legal form and a German tax ID
- Acts as a seller to end customers
- Must provide customer service in German
- Shipping and returns to be dispatched from a German warehouse
- Seller to offer products with a VAT rate of 19%



**Zalando SE** is a German multi-national eCommerce company based in Berlin and founded in 2008. The platform offers fashion and lifestyle products to customers in 17 European markets. In addition to Germany and the Netherlands, Zalando sells in Austria, France, Italy, England, Sweden, Switzerland, Belgium, Spain, Denmark, Finland, Poland, Norway, Luxembourg, the Czech Republic and Ireland.



## Logistics

### Fulfillment by Seller

- Free shipping & returns
- Customers to receive the product within the specified time and may return products within 100 days
- Must use a Zalando-approved carrier in each respective country
- Must respond to requests from customers within 24 hours

### Fulfillment by Zalando (ZFS)

- Zalando takes care of the stock management, packaging and shipping of products



## Onboarding requirements

- Sellers must have an online presence or online store selling in one of the following categories: clothing, shoes, sportswear, fashion accessories. They must also meet the service requirements of Zalando, including free shipping and returns, 100-day return policy and shipping by a Zalando-approved logistics partner
- To apply, sellers fill out a Sales Contact Form on Zalando's website for review. They must then fill out Zalando's Know Your Customer (KYC) questionnaire and provide supporting KYC documents (registration documents, ID of personnel in charge and proof of address, for example)





**Real.de (now Kaufland.de)** is the fastest growing eCommerce platform in Germany. Its annual growth rate is six times greater than the general eCommerce market in the country and is now even higher, after integrating with Kaufland.de when it was acquired by Schwarz Gruppe in April 2020.



### Real.de offers sellers

- A connected network of over 5,000 dealers
- Payment terms of 21 days after shipment. In addition, Real.de offers legal protection to sellers



### Logistics

#### Fulfilment by Seller

- Items must be shipped within the specified shipping time
- DDP tax payment and tracking number to be provided by the seller
- Customers are able to return goods in Germany without reason within 14 days (a consumer right stipulated by German law)
- The return address must be in Germany or the EU



### Onboarding requirements

- From 26th April 2021, merchants are required to have a German Tax Number to open an account
- Products will need to have valid EAN (GTIN) numbers

**Note:** Real.de maintains strict requirements regarding customer service. Because Real.de is a German marketplace, all communications are expected to be in German. This means that product information and customer support must also be provided in German. You are therefore obliged to store a telephone number for customer contact and a telephone number for marketplace support in your account. Not meeting these requirements may result in removal from the marketplace.



# So... should you expand into Germany?



## PROS

### Higher disposable income

Germany boasts one of the strongest economies in the world

### Large population size

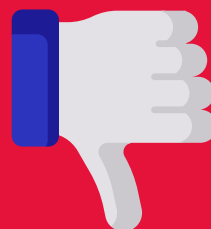
Second largest population in Europe with one of the highest GDP in the world

### Internet savvy

Educated population accustomed to shopping online

### Equipped logistics fulfilment

Well-established logistical infrastructure for international sellers



## CONS

### More competition

A saturated market and the prominence of online shopping means you are fighting for attention

### Price conscious

Germans are price-conscious and less swayed by brand loyalty; this means that you'll have to work harder to gain their business

### Local brands preferred

German consumers patronise domestic brands and they have lower level of trust than their UK counterparts – 82% will read the terms & conditions of a sale first

### High returns

Some reports claim that up to 50% of orders get returned. German law allows consumers to return purchases within 14 days without explanation

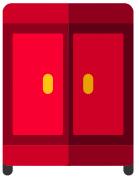


**Take note: New VAT rules** in cross-border B2C eCommerce kicked in on 1st July 2021

## Consumer and market insights

- When purchasing from overseas, Germans opt for relatively cheap products such as clothing, accessories, consumer electronics or toys
- In 2020, almost 75% of online spending went to goods
- Germans prefer localised websites and shopping in their own language
- The #1 reason Germans cite for purchasing from overseas is access to better prices
- Offering consumers multiple payment methods is a must – Germans are historically averse to using credit cards, with the majority preferring to pay via e-wallets (41%) or invoice (22%)

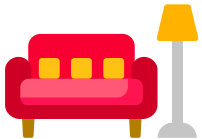
# Products to source



clothing,  
footwear and  
accessories



sporting goods



homewares



electronics

Given the competition in the market, you'll need to assess whether you can stand out if selling items in these categories.

## Some questions to ask are:

- How unique is your offering? If the marketplace is relatively saturated, how will you stand out?
- What is the margin? A margin of at least 60% is generally recommended
- How easy is the item to ship? Breakages are a genuine headache when it comes to fulfilment, while heavy items could raise the shipping cost and become unattractive for the customer

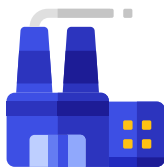




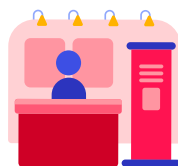
# Finding suppliers

As the largest B2B eCommerce website in the world, Alibaba.com is often the first stop when looking for wholesale suppliers. That's not to say there aren't other options – many countries have their own wholesale marketplaces, with Obbo in Singapore and Faire in the USA just some examples.

## Some other ways to source suppliers:



**Go directly to the manufacturer**  
and skip wholesale platforms altogether



**Visit trade shows**  
in-person or online, which will give you access to a wide range of exhibitors and industries



**Network with others**  
for word-of-mouth referrals

**[For more ideas on how to find suppliers in China, check out this article](#)**

# Launching in Germany

Germany was **ranked 125 out of 190 economies** when it comes to starting a business, according to the World Bank's 2020 Doing Business report. Its complicated bureaucratic requirements are the main hurdle for domestic businesses, while its tax laws are complex and time-consuming for all involved.

For sellers looking to crack the German market, **online marketplaces may be the simplest solution** as they will help you navigate your obligations under German law.

Keep in mind, too, that German consumers like to shop in their own language so retailers who can provide a localised experience will have more success.



## Getting a great exchange rate

If you're paying a supplier in China in USD and selling in euros in Germany before transferring the funds back into your local currency, you'll want to keep an eye on exchange rates, which can eat into your margins.

### Example

Charlie, who is based in Australia, decides to sell novelty mugs on Amazon.de. He finds a supplier on Alibaba.com and orders 500 mugs. The invoice is in USD, so he transfers money from his local account and is charged the bank's exchange rate. He lists the mugs on his Amazon store in euros, as required by the platform. A customer buys the mug and Charlie must now repatriate the funds back to Australia, getting charged the bank's exchange rate a second time.



# How WorldFirst can help



WorldFirst is an international payments business helping move money around the world. As part of Ant Group since 2019, we share a purpose 'to make it easy to do business anywhere' by offering inclusive and affordable services to small- and medium-sized businesses and online merchants trading globally.

WorldFirst allows you to open a free account to collect and manage up to **10 receiving currency accounts**, all with competitive FX rates and no hidden fees.

## Collect. Convert. Pay. Manage.



**Collect payments from global marketplaces & payment gateways**



**Convert your money at bank-beating exchange rates**




**Make international payments in 68 currencies**



**Manage your money and FX transactions all in one place**

## Contact the WorldFirst Australia Team

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