

SURVEY REPORT



“opinionway”

GERMAN SMALL AND MEDIUM SIZED COMPANIES AND THEIR EXPORTS

Europe, the Internet and Germany

Survey conducted in 2007

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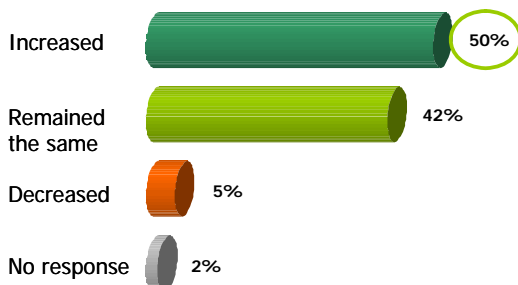
FIRST SECTION – Europe, area of growth for small and medium-sized German companies

- All of the 1,007 small and medium-sized companies questioned in this 2007 study export their products or services, 44% of them are small and medium-sized companies with 10 to 49 employees and 35% of them are companies with 50 to 199 employees.
- Nearly half of the small and medium-sized exporting companies (42%) have a significant export activity representing more than 40% of their turnover.
- Almost all of these companies (97%) have been exporting for more than five years.
[\(Respondents chart\)](#)

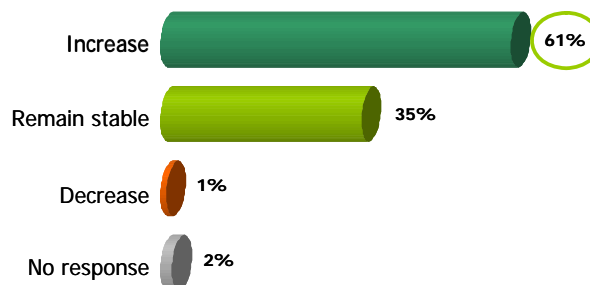
1. The most optimistic are also the most experienced

Half of the small and medium-sized companies questioned have seen their export turnover increase compared to last year, and 61% anticipate that it will further increase in 2007. In other words, the companies which are currently the most active believe that they will be even more so next year.

A3: Compared to last year, has the volume of your turnover:



A4: Your export turnover for next year is forecast to...

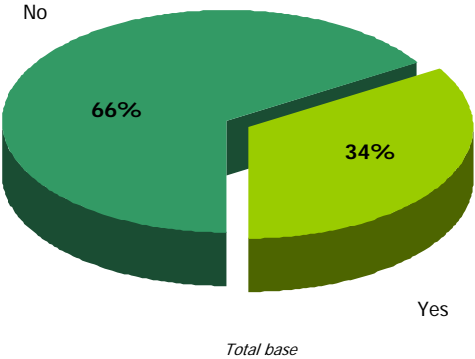


Total base

Companies which already have a presence abroad are the most optimistic in terms of the growth of their export turnover next year. Small and medium-sized service companies generally also see more international development opportunities than companies in other sectors (72% of service companies forecast an increase in their export turnover next year) [\(table 0\)](#).

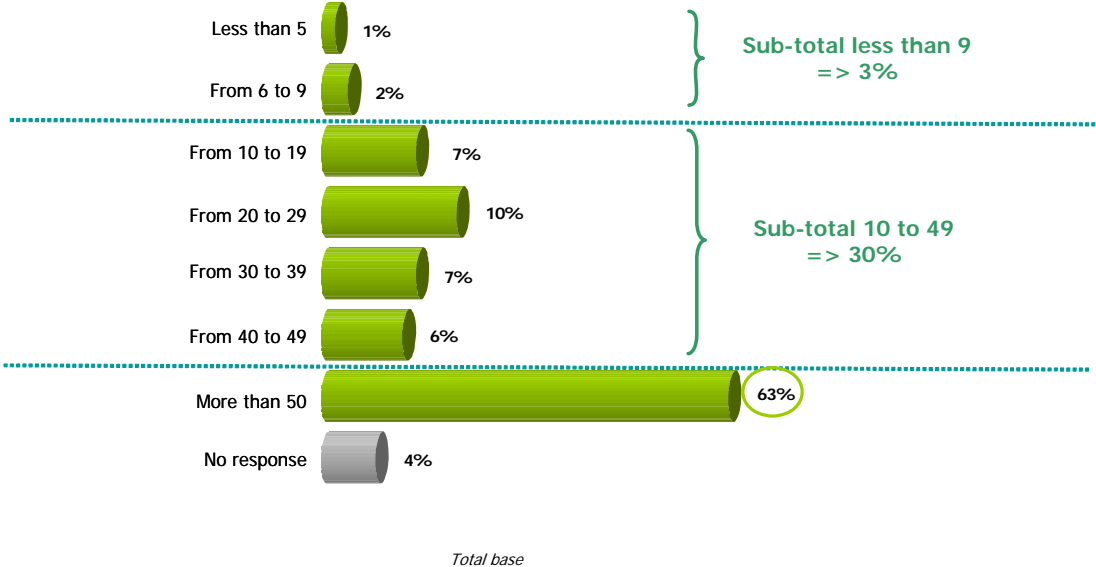
A third of companies interviewed responded to international calls for tender last year; this was the larger companies (50% of companies with 200 or more employees). The more small and medium-sized companies are structured for exports (40% of companies have a local site), the easier it is for them to respond to international calls for tender ([table 1](#)).

F11: Did your company respond to international calls to tender last year?



To illustrate this: German small and medium-sized companies are developing their export sales with a significant portfolio of customers; 63% of them have more than 50 foreign customers.

A9: How many foreign customers (invoiced customers) did you have last year?



Half of companies export their products or services to companies directly, followed by retail outlets (36%).

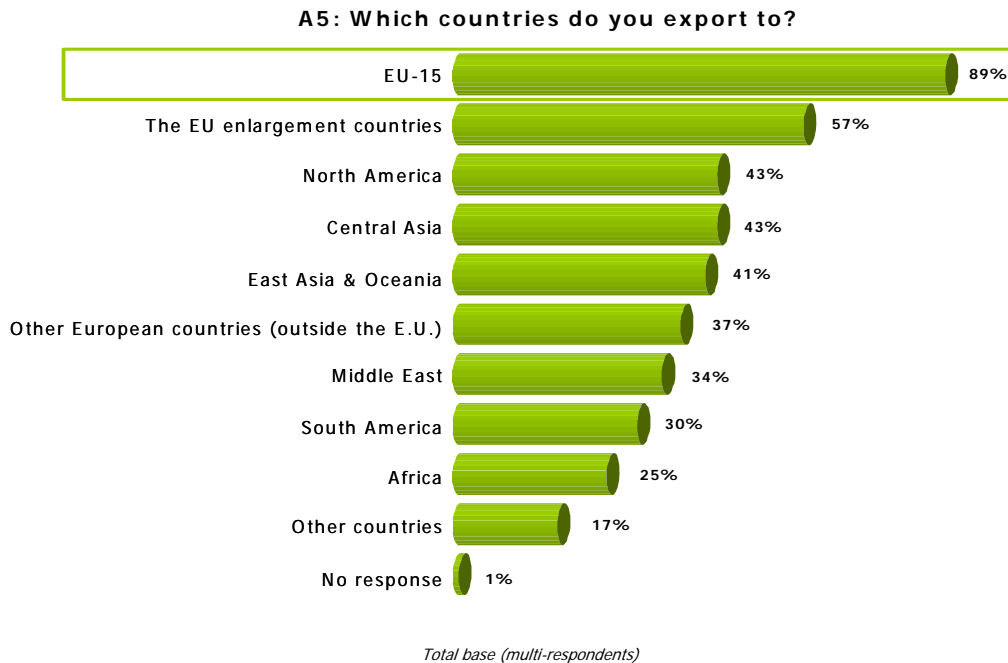
A8: Who do you sell your export products or services to? You sell them...



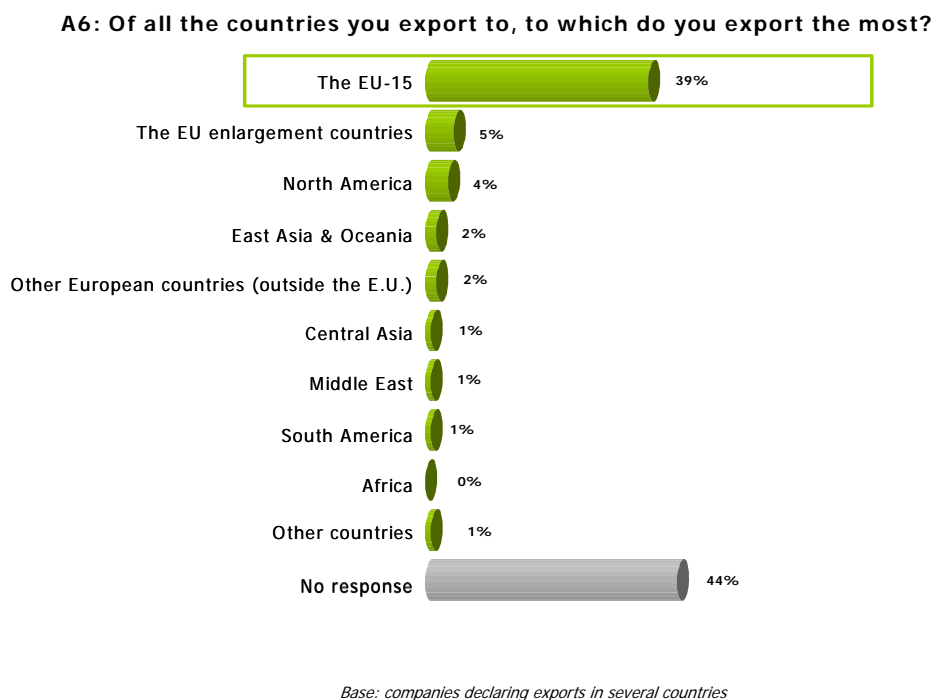
Total base (multi-respondents)

2. Europe: a sufficient market for German small and medium-sized companies?

89% of small and medium-sized companies interviewed export to the EU-15 countries¹.



For 39% of them, this is the geographical area where they export the most, far in advance of other European countries, North America and Asia.



¹ EU-15: Belgium, France, Spain, United Kingdom, Italy (major countries), Netherlands, Portugal, Luxembourg, Denmark, Greece, Sweden, Eire, Finland, Austria [Germany].

For companies which generate a large share of their turnover from exports (more than 40% of their turnover), North America, Asia, the Middle East and Europe as a whole are the most important export zones [\(table 2\)](#).

The largest companies have the knowledge and ability to develop their export sales across all continents [\(table 3\)](#).

SECOND SECTION – Communication of German small and medium-sized companies within an international context

1. International promotion: Internet ahead of trade fairs and exhibitions

The main tool used by small and medium-sized German companies to promote the activity abroad is their Internet site, followed by involvement in trade fairs. Advertisements in specialised magazines in the export country (49%) plus advertisements on the Internet (42%) are also used as promotional actions.

B1: Which of these tools did you use last year to promote your activities abroad?

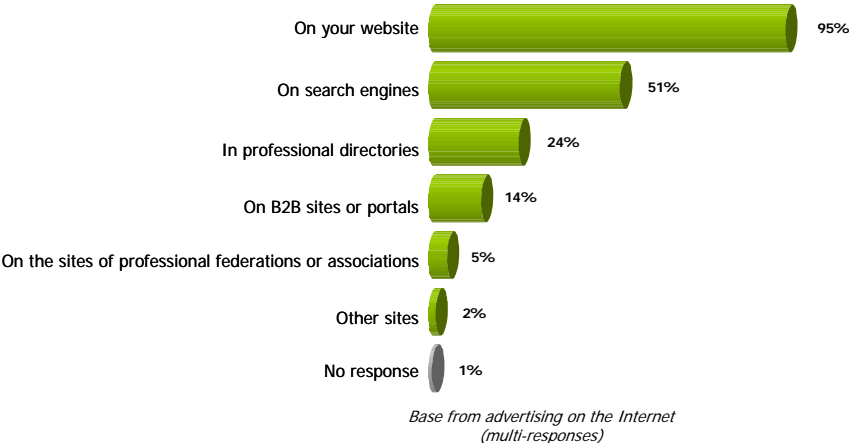


Total base (multi-respondents)

Promotional actions are more relevant to companies with a greater proportion of their turnover represented by exports (more than 40% of turnover). However, direct relations (fairs/exhibitions) and advertisements in specialised reviews are seen as being more important for companies with a local site or for large companies (200 employees or more) [\(table 4\)](#).

For small and medium-sized companies, the simple fact of having a website seems to be considered as a form of advertising in itself, eliminating advertising actions on search engines. Advertising in professional directories (24%) and B2B sites and portals (14%) is also used.

B5: The advertising you used on the Internet to promote your activity abroad was placed:

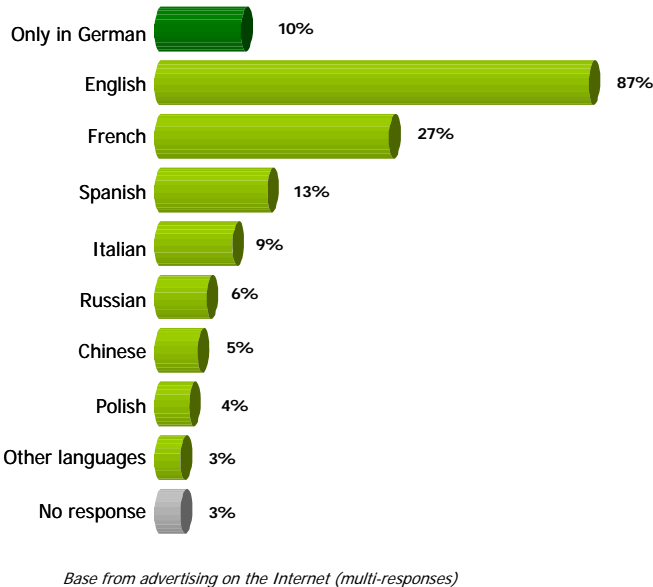


For the small and medium-sized companies interviewed, English remains the preferred language for international development (87%).

The Internet is a genuine opportunity for development (for 95% of companies, export sales represent more than 40% of turnover), a tool preferred particularly by large industrial companies (96% of companies with 200 or more employees) [\(table 5\)](#).

10% of companies do not translate their website. This is usually the case with companies with less than 10 employees, with a low rate of export activity (10 to 39% of turnover: 16%) and with no presence abroad (16%) [\(table 6\)](#).

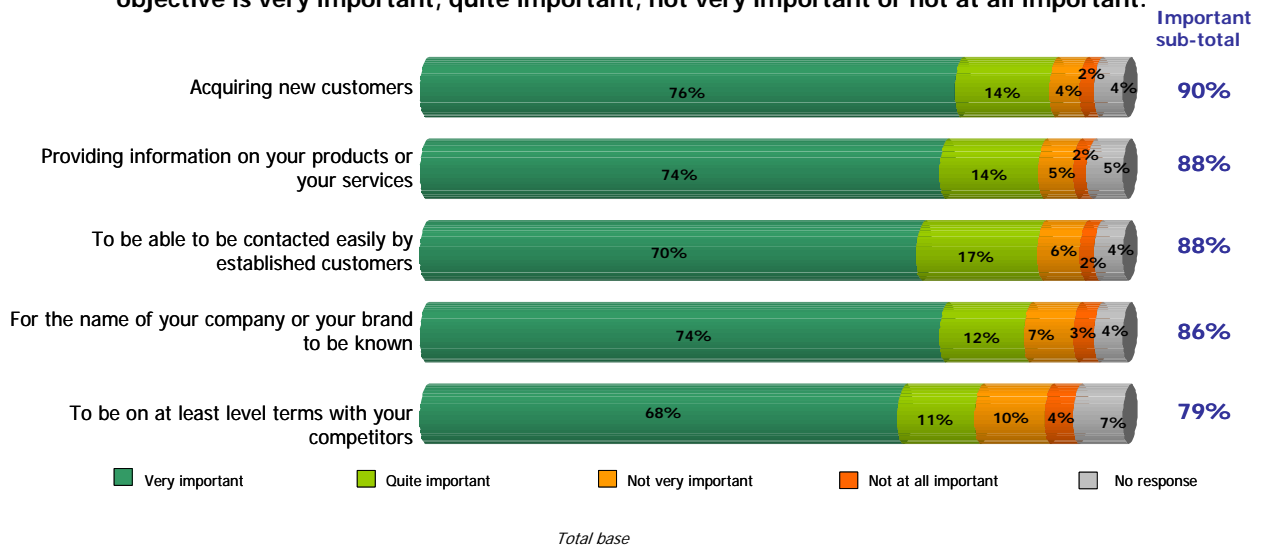
B5.1: In which languages, other than German, is your website available?



2. Acquiring new customers: which tools for which role?

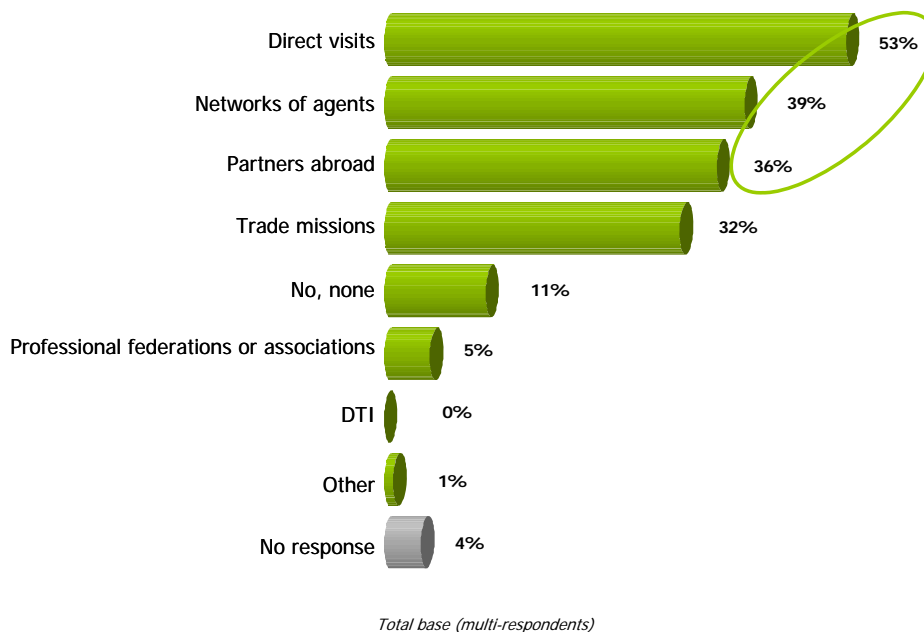
If German small and medium-sized companies place advertising, their primary objective is to acquire new customers. Nevertheless, information on their products and services, relationships with the customer portfolio and establishing a reputation remain three very important objectives.

C1: For each of these objectives, could you tell me if, in terms of your company, this objective is very important, quite important, not very important or not at all important.



Besides the Internet and professional directories, on-site visits are another means of promoting German small and medium-sized companies, as are networks of foreign agents and partners.

B2: Have you used other methods, even indirect, to promote your exports?



Direct visits are favoured by service companies (64%). Networks of agents tend to be used by the companies with the highest proportion of exports (40% and above of turnover): 47% (table 7).

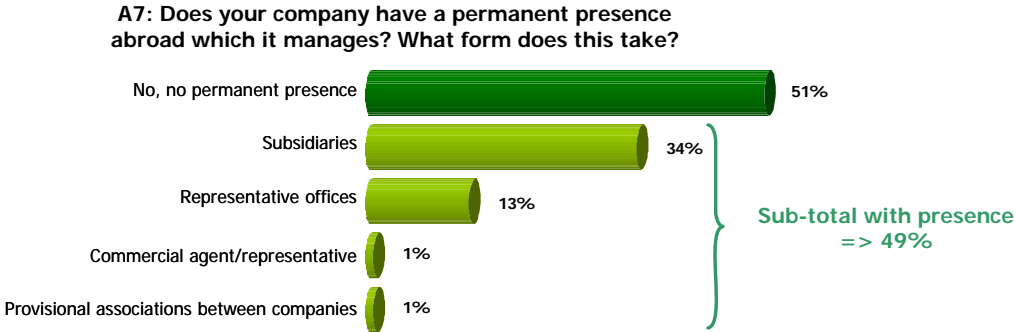
In geographical terms, networks of agents and foreign partners are favoured in markets outside the EU and North America (table 8).

3. A strong presence in foreign markets

There is parity concerning presence abroad: half of companies do not have any form of permanent presence abroad, the other half have a local presence.

The more activity is directed outside of Europe, the more it involves a permanent presence, in the form of subsidiaries or representative offices (table 9).

The larger companies (more than 200 employees) also favour a permanent presence on their export markets (table 10).

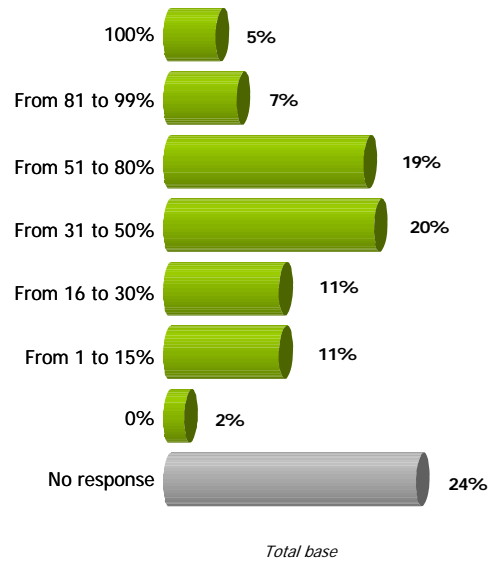


Total base

4. Unsolicited contacts: word of mouth and trade fairs and exhibitions working together

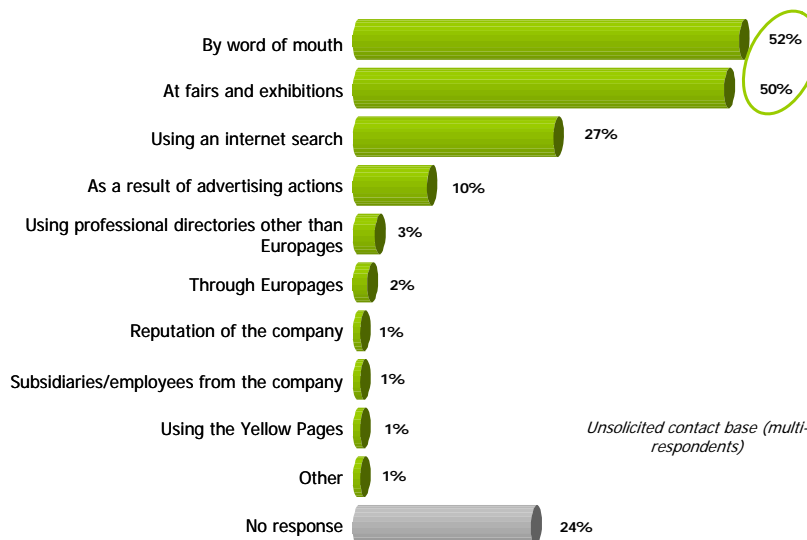
Only 5% of companies interviewed reported that all their foreign customers contacted them on an unsolicited basis. Companies reporting that they have received unsolicited contracts were small companies and service companies ([table 11](#)).

B9: Among your customers abroad how many, as a percentage, contacted you spontaneously?



Half of customers found through unsolicited contact came from word of mouth or through fairs or exhibitions.

B10: How did customers who contacted you spontaneously find out about you?



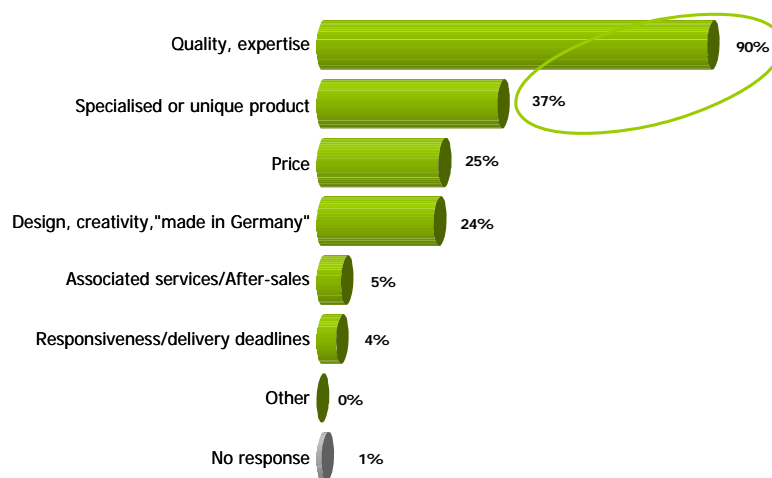
Fairs, exhibitions and the Internet appear to be more important for the companies that have most recently started exporting, and word of mouth for commercial activities ([table 12](#)).

THIRD SECTION – What German firms offer: expertise

1. Small and medium-sized companies rely on German quality and expertise to improve exports

What are the internationally recognised strong points of products and services offered by German small and medium-sized companies? Without any doubt, quality and expertise. In 90% of cases, foreign companies go to German small and medium-sized companies for the quality of their product.

A11: What are the strong points of the products or services that you export?



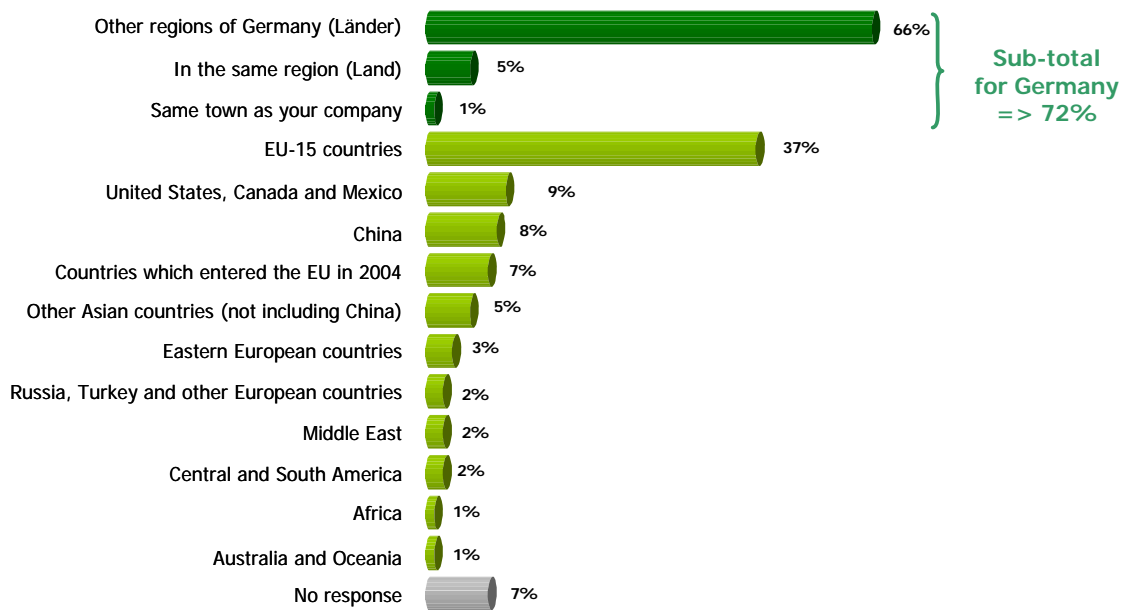
Total base (multi-respondents)

Another strong point of German products: the capability of small and medium-sized companies to create unique products on the market. 37% of companies interviewed see this as a second strong point. Underlining that the price advantage is more important for companies from the Commercial sector, passing from 25% to 43% ([table 13](#)).

2. Competition: do small and medium sized companies know how to differentiate themselves from one another?

Who are the main competitors of German small and medium-sized companies? "German small and medium-sized companies!" is the reply of more than 70% of the companies interviewed. They compete using similar sales approaches: quality and expertise. This notion of competition between German companies has a greater effect on small companies and those companies with a smaller export activity (10 to 39% of turnover) [\(table 14\)](#) ... and Commercial and Service activities [\(table 15\)](#).

A10: In terms of the products and services you export, where are your main competitors located?



Total base (multi-respondents)

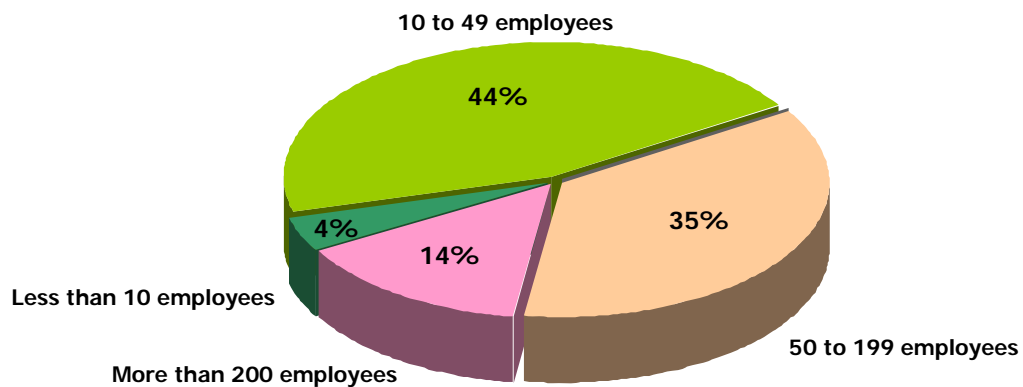
Survey methodology

Telephone survey conducted in February 2007 involving 1,007 exporting German companies with a website. Data processed by Opinion Way.

Respondents chart

[\(return\)](#)

- ▶ A survey focused on small and medium-sized companies
 - ▶ 42% of these companies have significant export activity representing more than 40% of turnover.
 - ▶ Companies with 10 to 199 employees represent 79% of the companies interviewed.



- ▶ 84% of companies **belong to the industrial sector**
- ▶ 97% of companies interviewed have **been exporting for more than 5 years**
- ▶ 80% of the companies export **manufactured products**
- ▶ 72% of companies **do not belong to a group**
- ▶ 95% of the companies **do not belong to a group of export companies**

About the Europages Observatory

For more than 25 years now, EUROPAGES has observed, on a day to day basis, and on the ground, commercial changes to more than 900,000 small and medium-sized companies/industrial companies, regularly conducting surveys at market level. A genuine barometer of opinion, the EUROPAGES Observatory is based on the experience of directors and managers of small and medium-sized companies involved in import and export, from the industrial, commercial and service sectors, both in Europe and throughout the world.

NB

- ▶ Only significant figures (+ or - 5 points in relation to the total) are highlighted in the tables
- ▶ * = Warning, weak base (workforce < 30)

Table 0: [\(return\)](#)

A4: Your export turnover for next year is forecast to...

	Total	Presence abroad		Sector of activity			
		Presence abroad	No presence abroad	Industry	Commerce	Services	Other*
Increase	61%	68%	55%	61%	57%	72%	33%
Remain stable	35%	28%	42%	36%	39%	25%*	33%
Decrease	2%*	1%	2%	2%	3%		

Total base

Table 1: [\(return\)](#)

F11: Did your company respond to international calls to tender last year?

	Total	Presence abroad		Size of company			
		Presence abroad	No presence abroad	From 1 to 9 employees	From 10 to 49 employees	From 50 to 199 employees	200 or more employees
Yes	34%	40%	28%	11%*	29%	38%	50%
No	66%	60%	72%	90%	71%	62%	50%

Total base

Table 2: [\(return\)](#)

A5: Which countries do you export to?

	Total	Size of company			
		From 1 to 9 employees	From 10 to 49 employees	From 50 to 199 employees	200 or more employees*
The EU-15	89%	87%	88%	90%	90%
EU - Enlargement countries	57%	34%*	56%	57%	67%
North America	43%	24%*	36%	47%	57%
Central Asia	43%	40%*	37%	45%	60%
East Asia & Oceania	41%	26%*	36%	44%	54%
Other European countries	37%	34%*	31%	40%	49%
Middle East	34%	21%*	27%	36%	50%
South America	30%	13%*	25%	32%	43%
Africa	25%	11%*	22%	26%	38%
Other	17%	11%*	13%	18%	29%

Total base (multi-respondents)

Table 3: [\(return\)](#)

A2: What portion of your overall turnover, as a percentage, comes from exports?

	Total	Countries of export									
		Africa	South America	North America	Central Asia	Middle East	East Asia & Oceania	The EU-15	EU - Enlargement countries	Other European countries	Others
From 10% to 39%	56%	55%	53%	44%	43%	43%	53%	41%	40%	42%	39%
40% and above	42%	43%	46%	55%	56%	55%	47%	58%	59%	57%	61%

Total base

Table 4: [\(return\)](#)

B1: Which of these tools did you use last year to promote your activities abroad?

	Total	% of turnover represented by exports		Forecast export turnover			Presence abroad		Size of company			
		From 10 to 39%	40% and above	Increasing	Decreasing	Stable	Presence abroad	No presence abroad	From 1 to 9 employees	From 10 to 49 employees	From 50 to 199 employees	200 or more employees*
Advertising on your own Internet site	85%	84%	88%	89%	69%	80%	88%	83%	71%	84%	88%	88%
Stand at fairs/exhibitions	78%	73%	85%	81%	81%	73%	86%	70%	61%	72%	84%	86%
Advertising in specialist magazines or magazines aimed at a specific sector in the countries you export to or plan to export to	49%	43%	57%	52%	38%	44%	55%	43%	45%	45%	50%	55%
Advertising on the Internet	42%	38%	45%	42%	44%	41%	46%	38%	45%	39%	42%	47%
Direct marketing actions	28%	29%	27%	30%	19%	25%	30%	27%	24%	28%	28%	27%
Advertising in printed professional directories	28%	26%	30%	29%	25%	26%	32%	24%	13%	30%	28%	27%
Newspaper, radio or television advertising in the countries to which you export or are planning to export to	6%	6%	7%*	7%		6%*	8%	4%*	3%	6%*	7%*	10%*
None of these	2%*	3%	1%	2%	13%	3%	2%	3%	11%	3%	1%	3%

Total base (multi-respondents)

Table 5: [\(return\)](#)

B5: The advertising you used on the Internet to promote your activity abroad was placed on:

	Total	% of turnover represented by exports		Size of company			
		From 10 to 39%	40% and above	From 1 to 9 employees	From 10 to 49 employees	From 50 to 199 employees	200 or more employees
On your website	95%	96%	94%	88%	95%	96%	96%
On search engines	51%	50%	51%	35%	55%	49%	50%
In printed professional directories	24%	23%	25%	12%	21%	24%	35%*
On B2B sites or portals	14%	13%*	17%	12%	12%*	17%*	16%*
On the sites of professional federations or associations	5%*	3%	7%	6%	5%	3%	9%
Other	2%*	2%	2%		2%	1%	3%

Base from advertising on the Internet (multi-responses)

Table 6: [\(return\)](#)

B5.1: In which languages, other than German, is your website available?

	Total	% of turnover represented by exports		Presence abroad		Size of company			
		From 10 to 39%	40% and above	Presence abroad	No presence abroad	From 1 to 9 employees*	From 10 to 49 employees	From 50 to 199 employees	200 or more employees*
English	87%	80%	95%	93%	79%	65%	85%	87%	96%
French	27%	19%	37%	36%	16%	6%	16%*	39%	35%*
Spanish	13%	6%*	23%	19%	6%*	6%	5%*	17%*	28%*
Italian	9%*	4%	15%	11%	6%		2%	15%	16%
Russian	6%*	4%	8%	9%	2%	6%	4%	5%	13%
Chinese	4%*	2%	7%	6%	2%		3%	3%	10%
Polish	3%*	1%	4%	4%	1%		1%	5%	4%
Other languages	5%*	4%	6%	6%	3%	6%	3%	4%	9%
Only in German	10%	16%	3%	5%	16%	35%	11%	12%	2%

Base from advertising on the Internet (multi-responses)

Table 7: [\(return\)](#)

B2: Have you used other methods to promote your exports, including indirect methods?

	Total	% of turnover represented by exports		Sector of activity			
		From 10 to 39%	40% and above	Industry	Commerce	Services	Other*
Direct visits	53%	56%	49%	52%	57%	64%	
Networks of agents	39%	33%	47%	40%	42%	17%*	33%
Partners abroad	36%	34%	39%	36%	33%	36%*	33%
Trade missions	32%	30%	34%	32%	35%	19%*	
Professional federations or associations	5%	4%*	6%*	5%	1%*	6%*	
DTI	0%*	0%			1%		
Other	1%*	1%	1%	1%		2%	
No, none	11%	12%	10%	12%	8%*	15%*	17%

Total base (multi-respondents)

Table 8: [\(return\)](#)

B2: Have you used other methods to promote your exports, including indirect methods?

	Total	Countries of export									
		Africa	South America	North America	Central Asia	Middle East	East Asia & Oceania	The EU-15	EU - Enlargement countries	Other European countries	Other
Direct visits	53%	55%	58%	57%	57%	58%	55%	53%	56%	63%	58%
Networks of agents	39%	47%	47%	43%	45%	47%	46%	39%	37%	41%	49%
Partners abroad	36%	47%	45%	40%	43%	48%	41%	37%	42%	45%	47%
Trade missions	32%	39%	36%	35%	37%	41%	36%	30%	36%	39%	40%
Professional federations or associations	5%	6%*	7%*	6%*	5%*	5%*	4%*	5%	5%*	5%*	7%*
DTI	0%*							0%			
Other	1%*	0%	1%	1%	1%	1%	1%	1%	1%	2%	2%
No, none	11%	9%*	8%*	9%	8%	5%*	9%	12%	8%	6%*	3%*

Total base (multi-respondents)

Table 9: [\(return\)](#)

A7: Does your company have a permanent presence abroad which it manages? What form does this take?

	Total	Countries of export									
		Africa	South America	North America	Central Asia	Middle East	East Asia & Oceania	The EU-15	EU - Enlargement countries	Other European countries	Other
No, no permanent presence	51%	40%	40%	42%	39%	37%	40%	51%	47%	42%	33%
Representative offices	34%	42%	41%	40%	41%	42%	41%	34%	35%	37%	37%
Subsidiaries	13%	14%	15%	14%	16%	17%	15%	12%	14%	17%	23%
Distributor/Dealer	1%*	2%	2%	2%	2%	2%	2%	1%	2%	2%	4%
Provisional associations between companies	1%*	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Show room	0%*	1%	0%	1%	1%	1%	1%	0%	1%	1%	1%
Commercial agent/Representative	0%*				0%	0%	0%	0%	0%	0%	1%
Other	0%*	0%	1%	0%	1%	0%	1%	0%	0%	0%	1%

Total base

Table 10: [\(return\)](#)

A7: Does your company have a permanent presence abroad which it manages? In what form?

	Size of company				
	Total	From 1 to 9 employees*	From 10 to 49 employees	From 50 to 199 employees	200 or more employees*
No, no permanent presence	51%	63%	64%	47%	18%*
Representative offices	34%	26%	29%	35%	49%
Subsidiaries	13%	8%	6%*	15%	27%
Distributor/Dealer	1%*	3%	0%	2%	2%
Provisional associations between companies	1%*		0%	1%	1%
Show room	0%*				3%
Commercial agent/Representative	0%*		0%		
Other	0%*		0%	1%	

Total base

Table 11: [\(return\)](#)

B9: Among your customers abroad how many, as a percentage, contacted you spontaneously?

	Size of company					Sector of activity			
	Total	From 1 to 9 employees	From 10 to 49 employees	From 50 to 199 employees	200 or more employees*	Industry	Commerce*	Services*	Other*
0%	2%*	8%	3%	1%	1%	3%	1%		
From 1 to 15%	11%	3%	12%	11%	10%	10%	17%	8%	17%
From 16 to 30%	11%	13%	12%	12%	9%	12%	11%	9%	
From 31 to 50%	20%	16%	20%	20%	20%	20%	22%	17%	17%
From 51 to 80%	19%	13%	17%	23%	17%	19%	13%	21%	
From 81 to 99%	7%	13%	9%	4%*	10%	7%	8%	9%	
100%	5%	16%	5%*	5%*	3%	5%	3%	11%	17%

Total base

Table 12: [\(return\)](#)

B10: How did customers who contacted you spontaneously find out about you?

	Total	Experience in export		Sector of activity			
		5 years or less	Over 5 years	Industry	Commerce	Services *	Other *
By word of mouth	52%	50%	52%	51%	57%	49%	67%
At fairs and exhibitions	50%	69%	49%	50%	48%	53%	83%
Using an internet search	27%	38%	27%	27%	30%	25%	17%
As a result of your advertising actions	10%	6%	10%	10%	12%*	11%	
Using professional directories other than Europages	3%		3%	3%*	5%*		
Through Europages	2%*		2%	2%	2%	2%	
Reputation of the company	1%*	6%	1%	1%	1%		
Subsidiaries/Employees from the company	1%*		1%	1%			
Using the Yellow Pages	1%*		1%	1%	1%		
Other	1%*	6%	1%	1%	2%		

Unsolicited contact base (multi-respondents)

Table 13: [\(return\)](#)

A11: What are the strong points of the products or services that you export?

	Total	Forecast export turnover			Sector of activity			
		Increasing	Decreasing	Stable	Industry	Commerce	Services	Other *
Quality, expertise	90%	92%	81%	88%	91%	81%	85%	67%
Specialised or unique product	37%	40%	25%	32%	38%	28%*	26%*	
Price	25%	24%	31%	27%	23%	43%	26%*	
Design, creativity, "made in Germany"	24%	26%	38%	20%	25%	22%*	26%*	17%
Associated services/After-sales	5%	5%		5%*	5%	5%*	13%*	
Responsiveness/Delivery deadlines	4%*	3%		5%	4%		4%*	
Other	0%*	0%			0%			

Total base (multi-respondents)

Table 14: [\(return\)](#)

A10: In terms of the products and services you export, where are your main competitors located?

	Total	% of turnover represented by exports		Size of company			
		From 10 to 39%	40% and above	From 1 to 9 employees	From 10 to 49 employees	From 50 to 199 employees	200 or more employees*
Other regions of Germany (Länder)	66%	71%	59%	71%	64%	68%	67%
Same region (Land)	5%	6%	4%*	5%	4%*	6%*	4%*
Same town as your company	1%*	1%	1%	3%	1%	1%	2%
EU-15 countries	37%	35%	40%	26%	35%	40%	40%
United States, Canada and Mexico	9%	6%	12%	8%	7%	7%*	18%*
China	8%	5%	13%	5%	7%	8%*	13%*
Countries which entered the EU in 2004	7%	6%	8%	3%	5%*	8%*	10%*
Other Asian countries (not including China)	5%	4%*	7%*	11%	5%*	5%*	6%*
Eastern European countries	3%*	2%	3%	3%	2%	4%	2%
Russia, Turkey and other European countries	2%*	2%	3%	3%	1%	3%	3%
Middle East	2%*	1%	3%	3%	2%	2%	1%
Central and South America	2%*	1%	2%	3%	1%	2%	3%
Africa	1%*	1%	2%	2%	0%	3%	1%
Australia and Oceania	1%*	1%	1%	1%	0%	1%	3%

Total base (multi-respondents)

Table 15: [\(return\)](#)

A10: In terms of the products and services you export, where are your main competitors located?

	Total	Sector of activity			
		Industry	Commerce	Services	Other*
Other regions of Germany (Länder)	66%	65%	72%	74%	50%
Same region (Land)	5%	5%	7%*	4%*	
Same town as your company	1%*	1%	4%		
EU-15 countries	37%	36%	42%	53%*	17%
United States, Canada and Mexico	9%	9%	5%*	8%*	17%
China	8%	9%	6%*	8%*	
Countries which entered the EU in 2004	7%	6%	8%*	19%*	
Other Asian countries (not including China)	5%	5%	7%*	4%*	
Eastern European countries	3%*	2%	4%	6%	
Russia, Turkey and other European countries	2%*	2%	3%	8%	
Middle East	2%*	2%	3%	4%	
Central and South America	2%*	1%	2%	2%	
Africa	1%*	1%	1%	4%	
Australia and Oceania	1%*	1%	2%	2%	

Total base (multi-respondents)