MECHANICAL AND ENGINEERING IN GERMANY

Entering the market in the fields of Automotive, Machinery, Process Technology and Automation Technology.

BDG Industrial Solutions
ENGINE OF THE GERMAN ECONOMY:
MECHANICAL ENGINEERING – AN
INDUSTRY OVERVIEW

The Mechanical Engineering Industry in Germany
Mechanical Engineering is one of Germany’s most innovative industry sectors. Germany is a high-tech nation with an engineering tradition that has become one of the world’s leading countries in technological development.

Market Summary
The mechanical engineering market in 2019, has been shaped by structural changes in the automotive industry, the trade war between the US and China, as well as global protectionism. This has resulted in an overall decline in orders. Nonetheless, the German market for mechanical engineering experienced an incline in revenue by 2%, with record figures of EUR 296bn. The Federal Republic thus accounted for around 11% of global machine sales. For 2020 however, DESTATIS expects the market to decline by 1.3%. While the Covid-19 pandemic haunts international and domestic markets, new challenges but also many new opportunities arise.

Market Trends and Opportunities
In the beginning of 2020, companies in this sector have faced a sharp decline in production activity and most implemented cost reduction programs as well as restructuring measures. Essentially, the 4th Industrial Revolution (4IR) shapes this market sector. Digital Transformation, Digitization, Data Management, and Condition Monitoring with the genus Industry 4.0, are the topics of today’s world and growing opportunities of the future.
SECTORS OF THE INDUSTRY

Industry facts

The German mechanical engineering industry holds the leadership position as the country’s biggest industrial employer

- 6,400 companies with almost 200,000 employees (out of 1.5 mio employed in the industry sectors)
- annual turnover in the last two years of almost EUR 300bn

**Mechanical appliances for process technology**
- Compressors, compressed air and vacuum technology; Pumps; etc.
- Machinery imports (Mio. EUR) by the subsectors: Compressors, compressed air and vacuum technology (2818.7), Pumps (2362.6) (total: 6813.8; +31.53 % since 2015)

**Machines and components for automation technology**
- Power transmission engineering; Fluid power equipment, Electrical automation; Software; Robotics + Automation
- Power transmission engineering has the highest share (15.5 %) on Germany’s machinery imports by the industries subsectors

**Machines mainly for mobile applications**
- Construction equipment and building material machinery; Mining equipment; Agricultural machinery; etc.
- Machinery imports (Mio. EUR) by the subsectors: Construction equipment and building material (5 114. 5), agricultural machinery (3 907.2)

**Machines for manufacturing processes**
- Machine tools and manufacturing systems; Precision tools; Textile machinery, Food processing and packaging machinery, etc.
- Highly profitable subsector
- Number of manufacturing enterprises: > 37,000; Number of companies producing food and beverages products: > 5,000

Source: VDMA, Statistisches Bundesamt, VDMA-McKinsey-Study ("The future of German mechanical engineering")
We advise our clients to follow a few systematic steps to raise the chances of success in the German market significantly:

**MECHANICAL & ENGINEERING MARKET: ENTRY METHOD**

1. **Product review**
   - Review of material & short analysis; product situation in Germany.

2. **Target group decision**
   - Thorough and strategic decisions and analysis about which groups to contact (4 sectors).

3. **Handout**
   - Handout creation, communication tools & sales message.

4. **Targets**
   - Research & matchmaking of potential German clients on Excel spreadsheet basis.

5. **Contacting / Sales**
   - Contacting potential leads in Germany.

6. **Negotiation / Result**
   - Delivery of short list and begin of meetings and concrete negotiations.

- **Timeframe:**
  - Two to four weeks
  - Up to three months

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Market Entry for foreign Mechanical and Engineering Companies in Germany.