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## Top of Mind: When 'Made in Germany' is a Liability

Over five decades, Germany has built an image as one of America's most loyal allies and closest friends. But rising tensions are threatening to undo this perception. Germans are now making headlines as people who support a government because it has embraced anti-Americanism and misses no opportunity to obstruct U.S. policy. According to a recent survey by polling firm Ennid, Germans consider George W. Bush a greater threat to world peace than Saddam Hussein.

The cracks are beginning to show—from news reports on anti-Americanism, to commentators' dire predictions about future relations with Germany, to talk radio hosts who describe Deutschland as the fatherland of ingrates and Eurowhimps.

Middle America is also taking notice. A recent Gallup poll found perceptions of Germany dropped by 22 points, to 50%, since last year (compared with 83% for the U.K. and 71% for Italy). Negative perceptions, meanwhile, have almost doubled, from 11% to 22%. The implication for marketers is clear: the more negatively people feel toward Germany, the less inclined they'll be to buy its products.

German brands in the U.S. now face a conundrum: how to get out from under a problem not of their making and possibly beyond their control. There are no pat answers, no silver bullets. Rather, any solution requires a specific analysis on four levels:

Does country of origin matter in the category? Beer drinkers know and care where their brew is made. Over the years Beck's has firmly imprinted itself as the German beer. Now, it could become a victim of its own success. Digging out of so entrenched a position is difficult. For the time being, Beck's would do well to cut ad spending and keep a lower profile. Laying off the German-based "humor" on packaging ("New! Das Longneck") might also be wise.

Adidas and Puma, meanwhile, needn't worry as much, since athletic shoe buyers tend to choose style and performance over a brand's corporate headquarters.

How public is the product? When a rift between two countries enters public consciousness, "badge" products such as cars become shiny, chrome-plated targets because they make a very public statement about their owners. Though Mercedes hasn't been touting its nationality, everyone thinks of it as a German brand. If buying a Mercedes becomes stigmatized as funding anti-Americanism, brands without this baggage, such as Jaguar

or Lexus, could look more attractive.

Last December, DaimlerChrysler CEO Jürgen Schrempp downplayed any risk for Mercedes' U.S. sales, lauding "the generosity of Americans to accept a little misstep on the part of a friend." Since then, Germany's "missteps" have added up. Is generosity still a safe bet? Maybe now is the time for some ads featuring American workers at the Mercedes plant in Tuscaloosa, Ala.

How closely is the product linked to Germany? Companies whose product is Germany could be in for a hard time. Take tourism: according to Der Spiegel, Americans in Germany are facing barbs at every turn. If a visit to Berlin includes encounters with demonstrators carrying "how much blood per gallon?" signs, Germany no longer qualifies as a place to "get away from it all."

Lufthansa might be able to sidestep the issue. How about repositioning as the European airline—with the most convenient connections to Stockholm, Sicily and everywhere in between?

What message is appropriate for the target? A brand's specific target defines what kind of message is permissible. Thus, "a message from our chairman about German-American relations" would look rather awkward on a package of Haribo Gold-Bears. Service firms, however, are in a better position to tackle the issue head-on. Last weekend, German politicians and business leaders took out a full-page ad in The New York Times in support of U.S.-German friendship. For a signatory such as Dresdner Bank CEO Bernd Fahrholz, the appeal is not only a statement of principle, but also a relevant, powerful message. Clients are likely to respect the bank all the more for having taken a stand.

In sum, Germany's new image problem affects different brands in different ways, and requires highly customized responses. But one thing is for sure: marketers who face the facts and consider their options now will be in a position to weather the storm. The smartest ones might even stand to profit at the expense of compatriots who opt to stick their heads in the sand.

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