BALTIC
E-COMMERCE
FORUM

Presentation

DATE
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How to select, enter and profit from new markets?

Karola Karlson

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Expansion =
bigger market =
more transactions =
higher profit

Image credit: Shopify, 2018

1. When is the right time to expand?

Have you reached the maximum market share in your current markets?

City	Country	Population
. Tallinn	Estonia	394,024
. Tartu	Estonia	101,092
. Narva	Estonia	66,980
. Kohtla-Järve	Estonia	46,060
. Pärnu	Estonia	44,192
. Viljandi	Estonia	20,309
. Rakvere	Estonia	16,736
. Sillamäe	Estonia	16,672

Image credit: Mongabay, 2020

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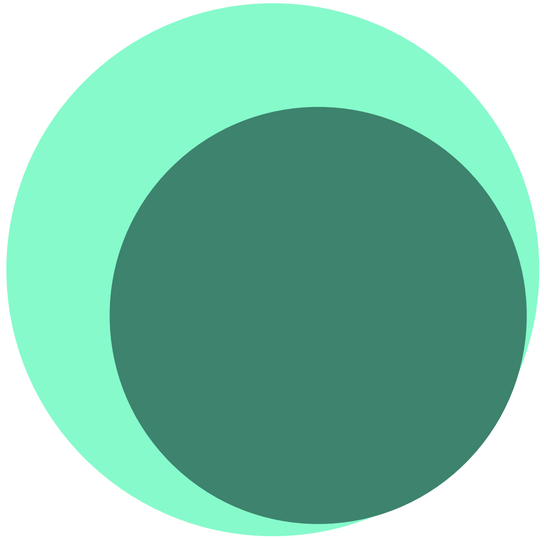
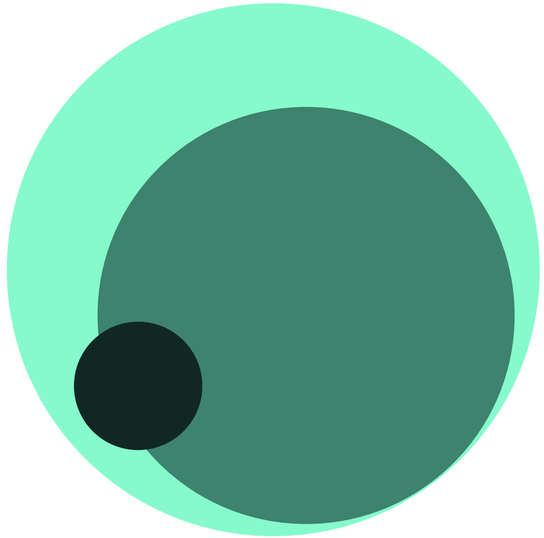
100%

Total marketplace size



70%

Competitors’ market share



15%

Your market share

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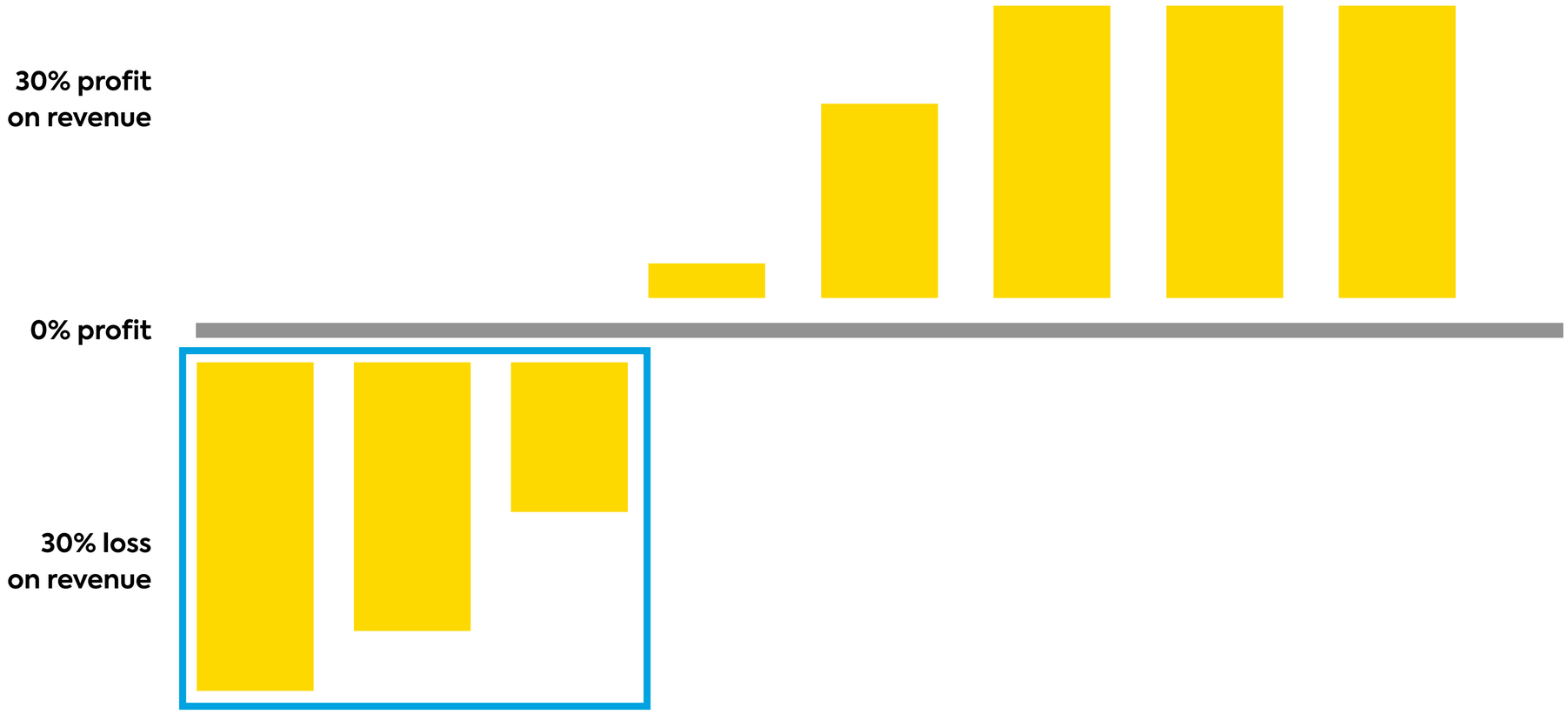
Is expansion the best thing to spend your resources on?

Budget

Your team's time

Your own time

Do you have enough funding to make meaningful progress?



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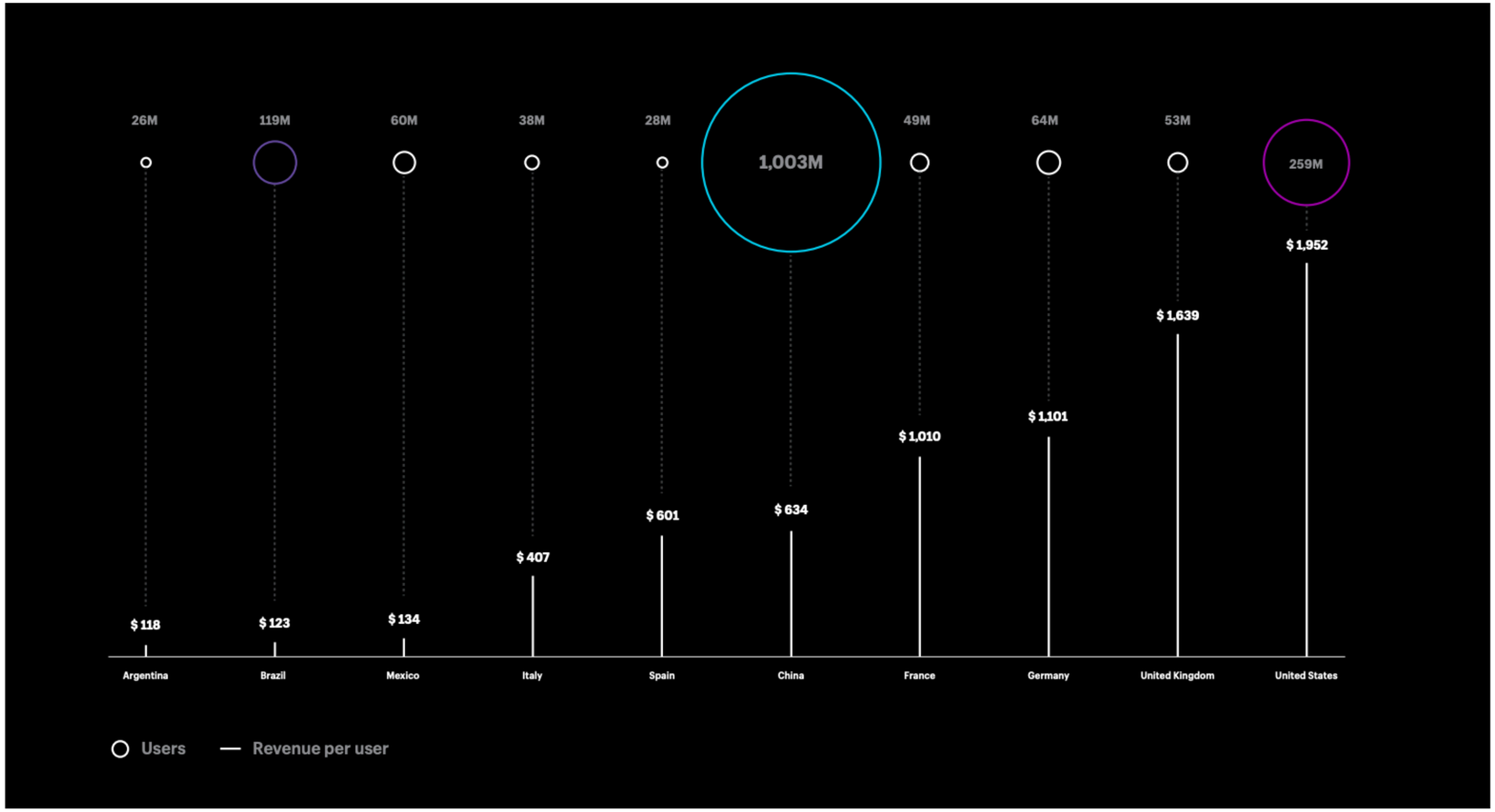
2. How to select the markets?



E-commerce revenue per user (in USD) and number of users in 2018, Statista

Potential ROI

Competition

Ease of entry

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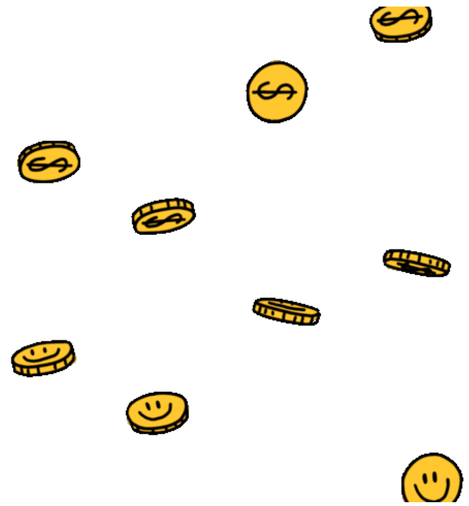
Don’t go with your gut feeling

Estimate the ROI



Market volume

= total population × potential users of your product

Market value

= market volume × average order value

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Market potential

= market volume × market share × avg. order value

× avg. annual consumption

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Do competitive analysis

Who are your direct competitors?

Is the market profitable for your competitors?

How will you win the market share from competition?

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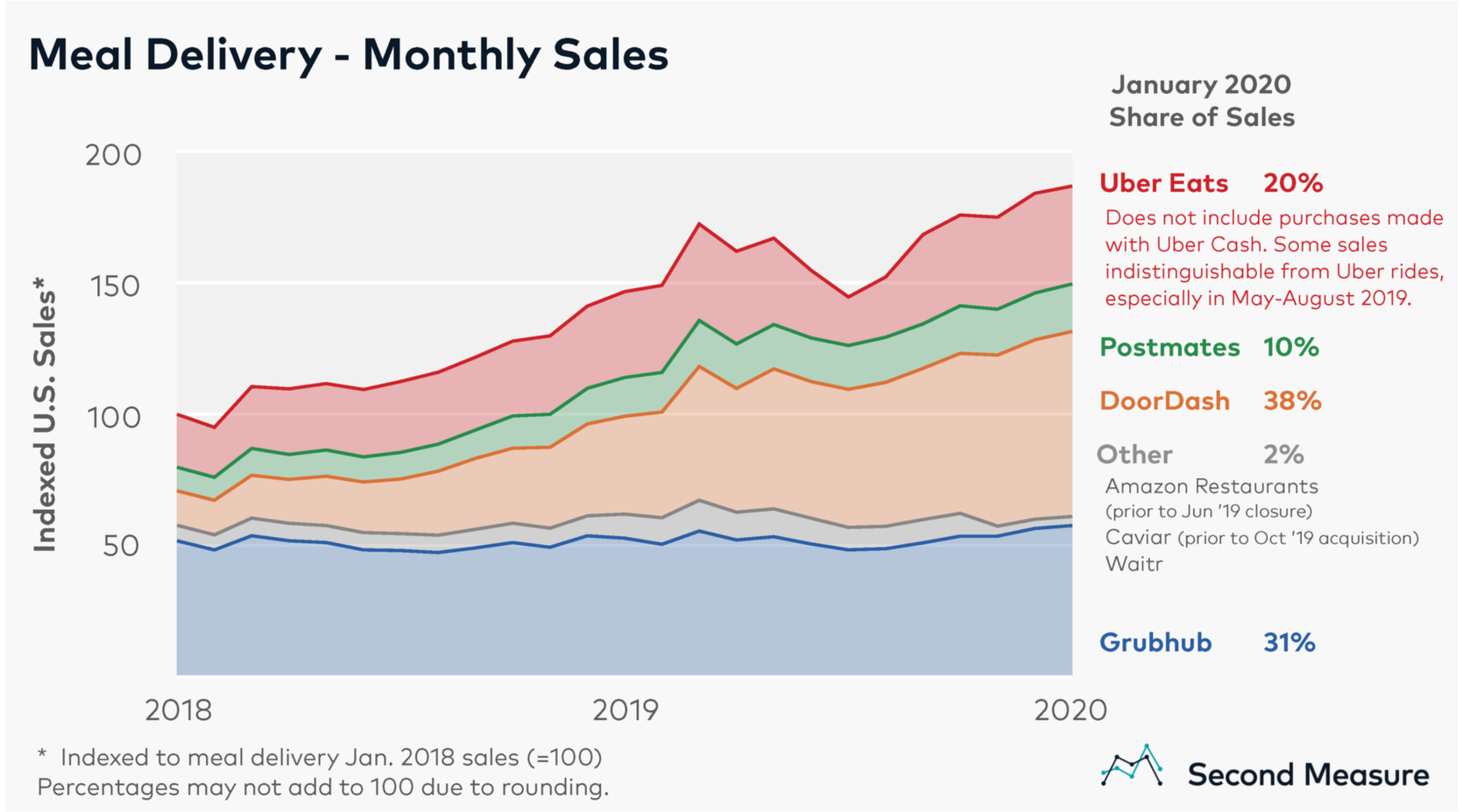
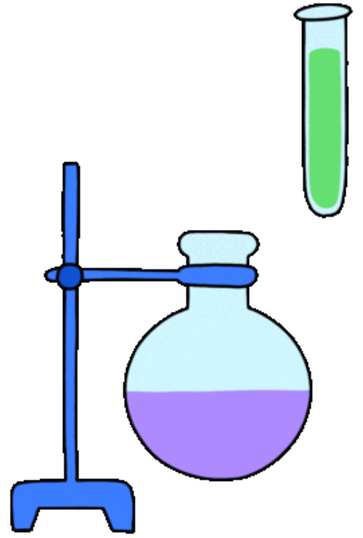


Image credit: Second Measure

How easily can you test the market?



What’s the MVP you need for testing the market?

Adapting the product

Regulatory

Shipping, CS

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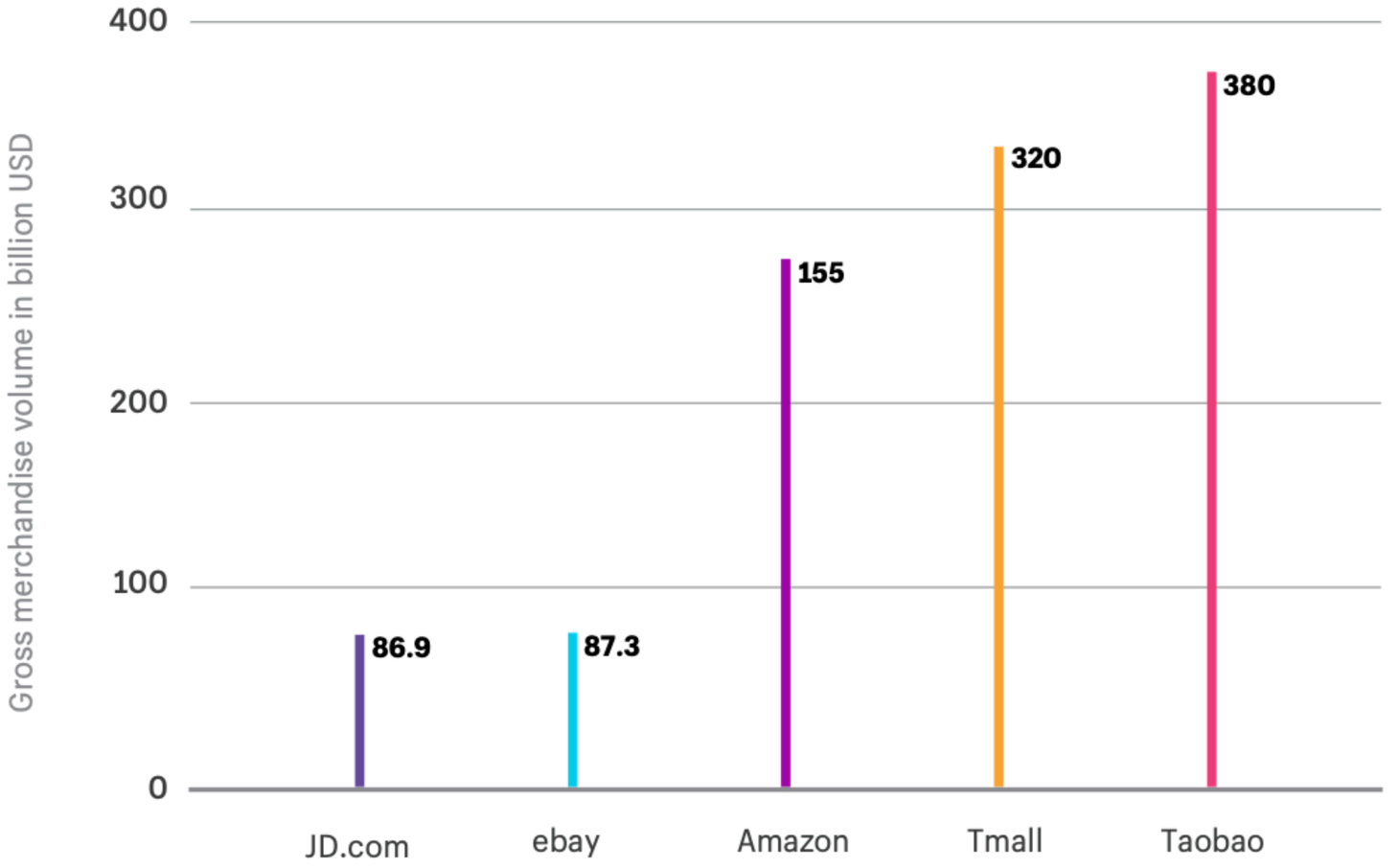
Still unsure?
Test 4–5 markets
to decide.



Most popular online marketplaces worldwide in 2017, Statista

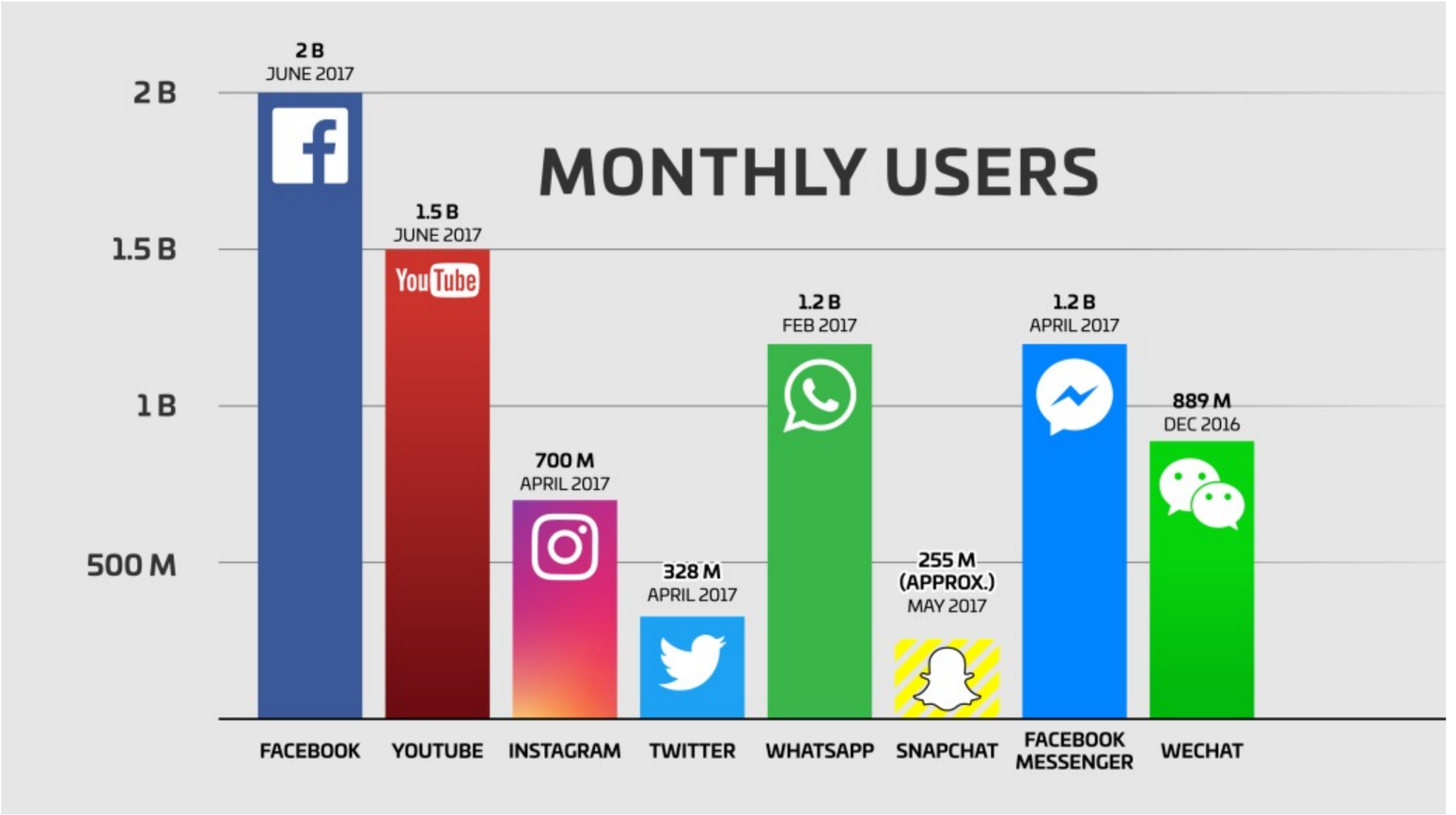


Image source: Big Commerce

Testing with Facebook & Instagram ads

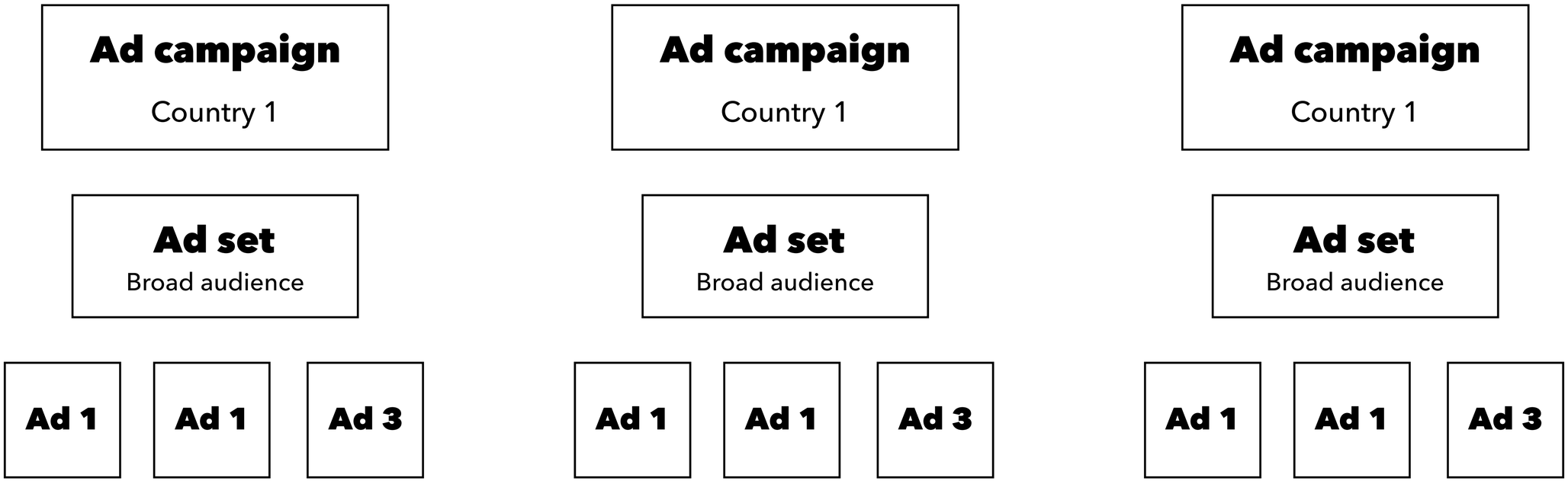
Create a separate campaign for each test country

Target a broad audience in the main cities

Use the same ad creatives across all markets

Run the campaigns until you have meaningful results

Measure the results (KPIs, user feedback)



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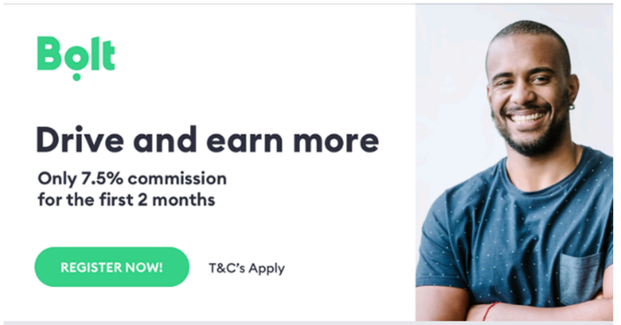

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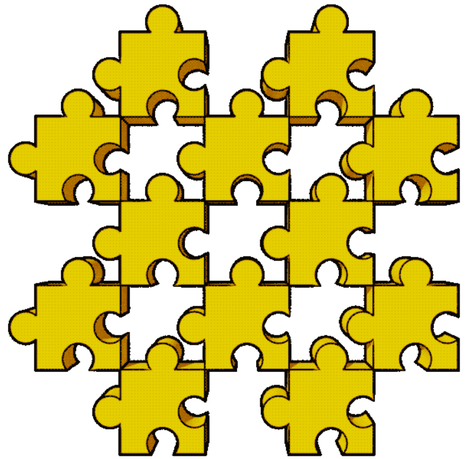
How to set the test budget?

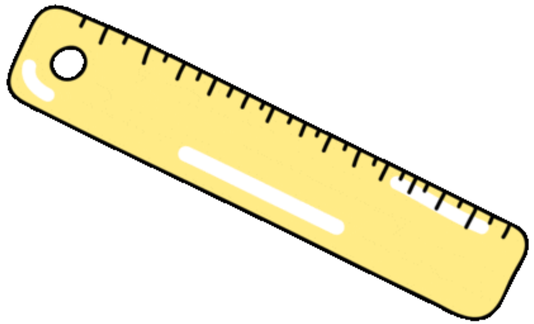


Test budget

= number of markets × number of results

× estimated cost per result

What to measure?



CTR (click-through rate)

Cost per result (purchase, landing page visit)

ROI (profit vs cost per acquisition)

Feedback from the first customers

3. How to enter the new market?

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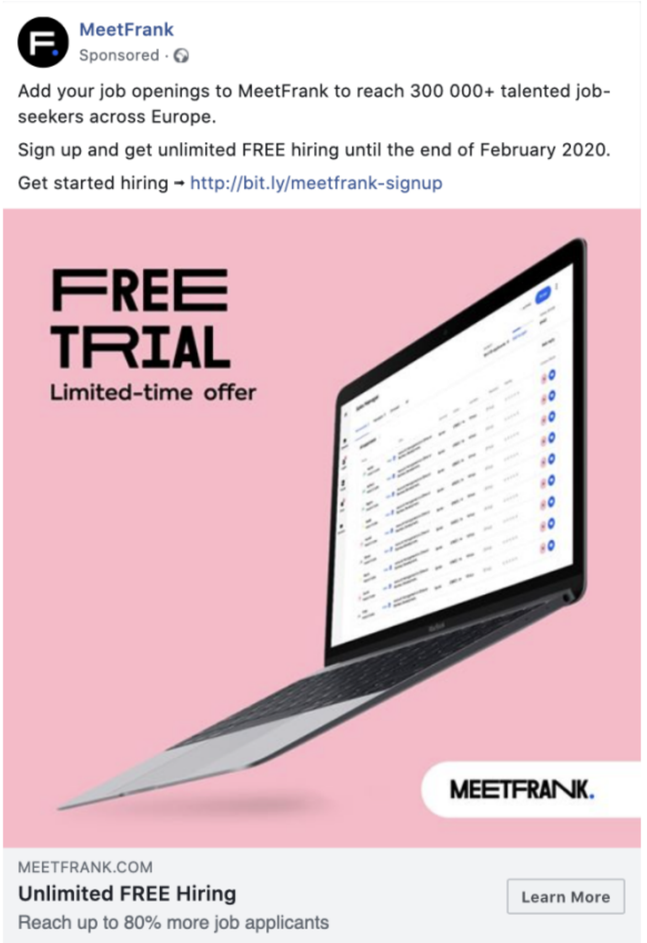
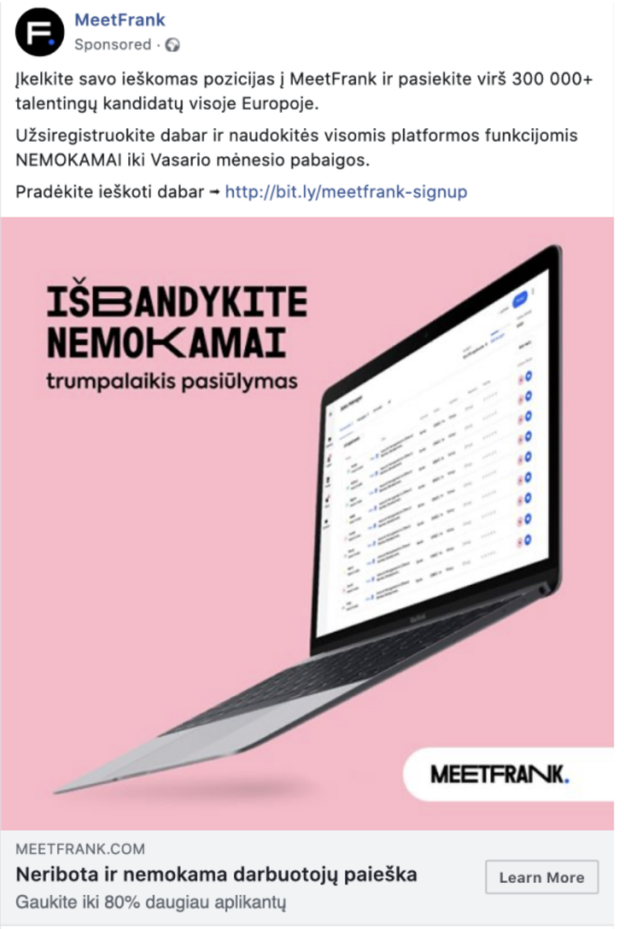
Prepare your product & website

Image credit: Shopify, 2018





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Website

Emails, invoices

Creative assets

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Get ready to offer (free) shipping

Image credit: Shopify, 2018

Prepare your marketing plan

Define your target audience and messaging

Select 1-2 marketing channels to start with

Calculate the marketing budget for 3 first months

Find someone to manage your ads (agency/in-house)

Prepare all the creative assets

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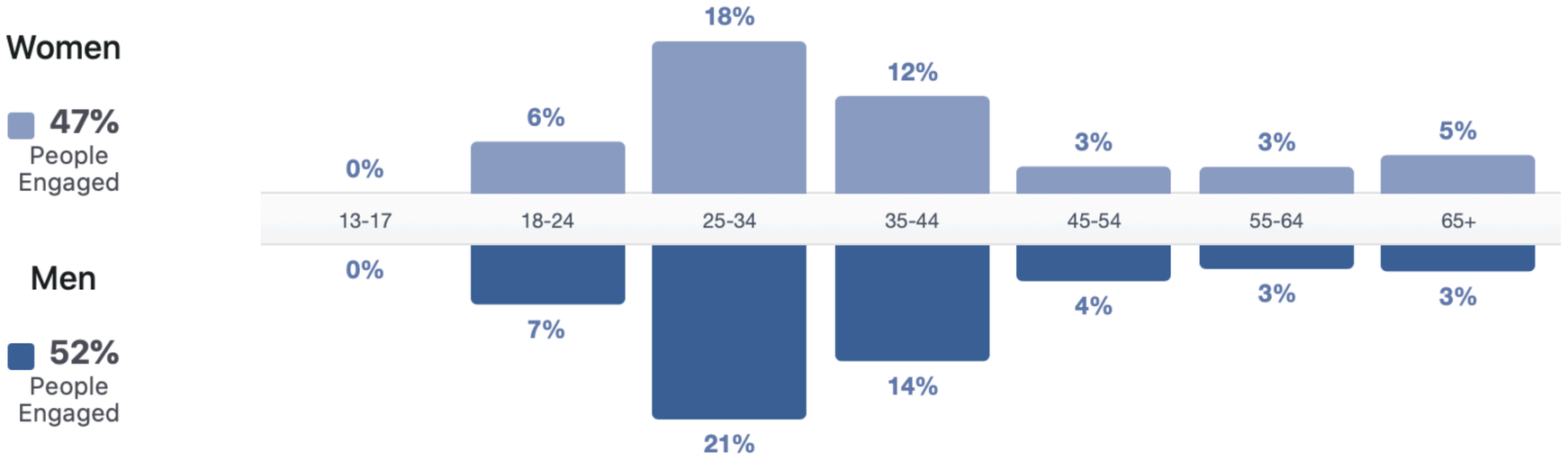
Define your target audience and messaging

The number of People Talking About the Page by user age and gender. This number is an estimate.



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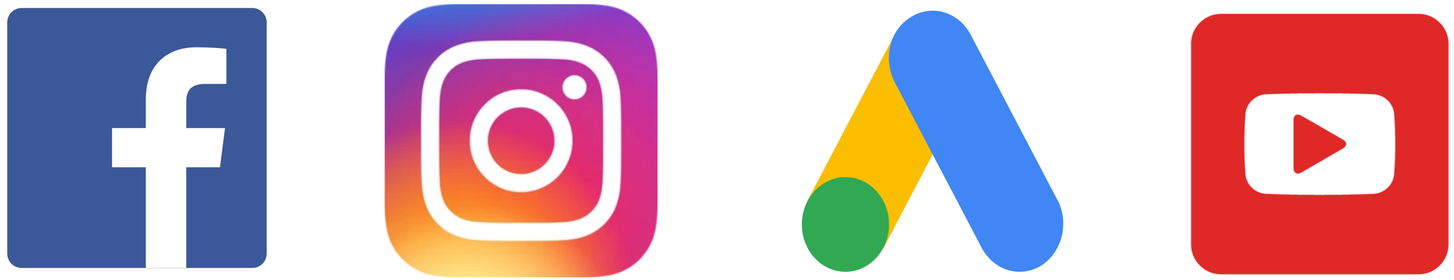
Select 1–2 marketing channels

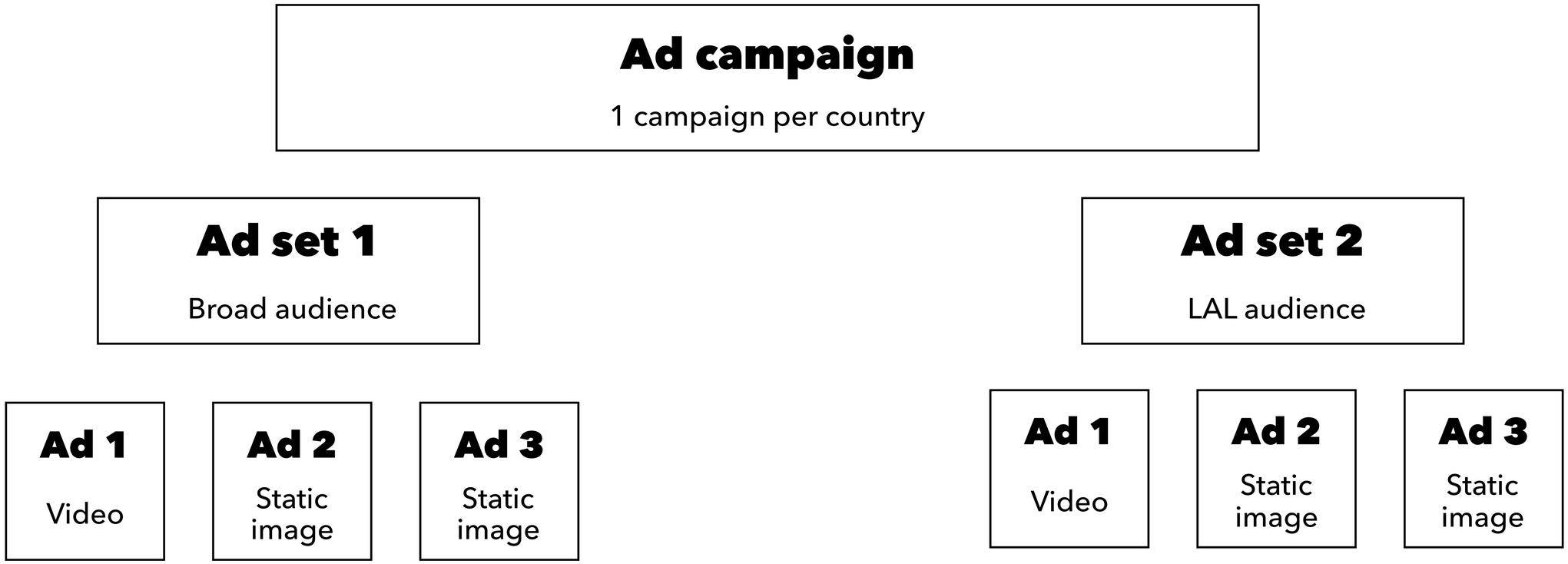


Calculate the budget for 3 first months

Min. €50 daily budget per campaign

Fewer campaigns with higher budget

Nr of results × cost per result



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Find someone to manage your ads

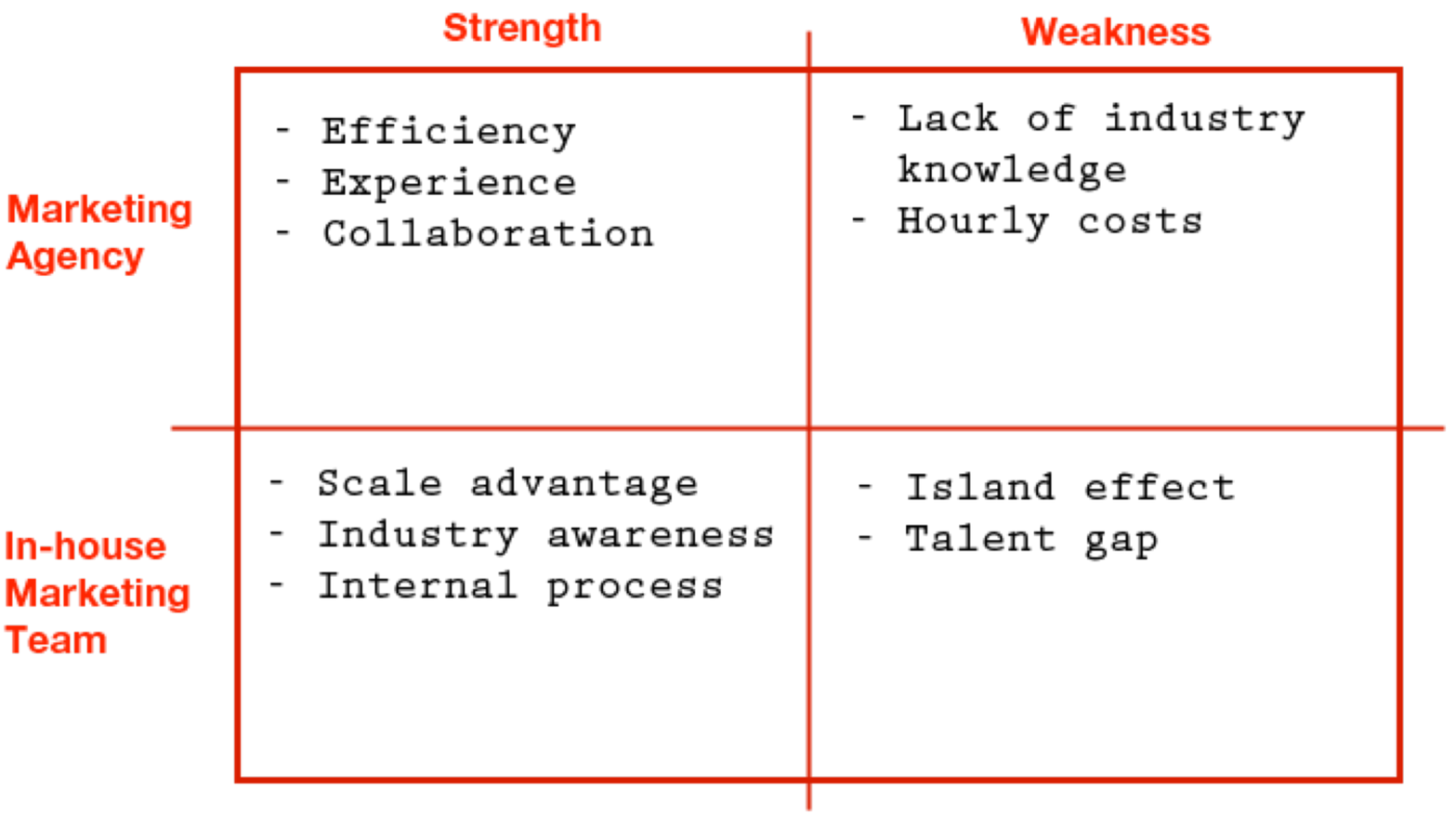

Image credit: Flying Hippo

In-house hire means higher commitment

Difficult to attract top talent

Hiring & onboarding is slow

Prepare the creatives and launch ad campaigns

4. How do you know if the market is good?

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Are people buying your product?

Does reality match your estimations?

Are you getting organic sales?

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Thank you
for the attention!

Questions?

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