

How to select, enter and profit from new markets?

Karola Karlson

**Expansion =
bigger market =
more transactions =
higher profit**





Image credit: [Shopify](#), 2018

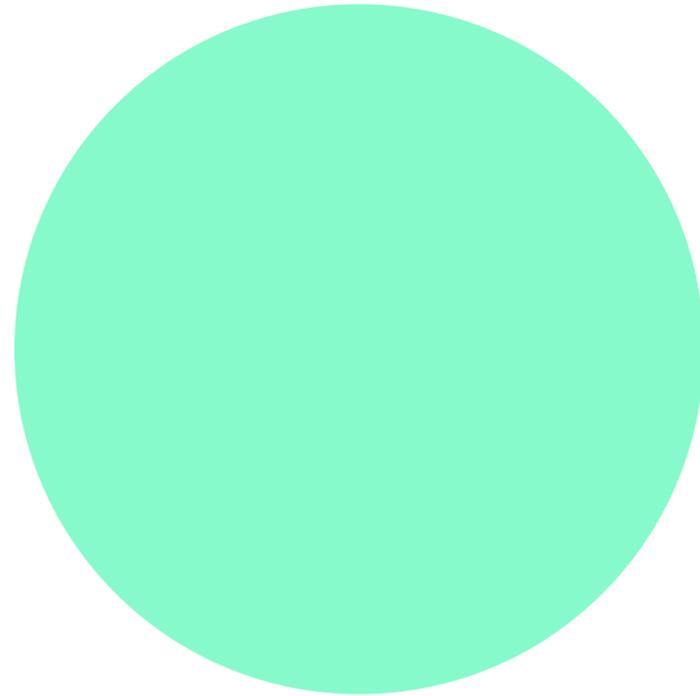
1. When is the right time to expand?



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

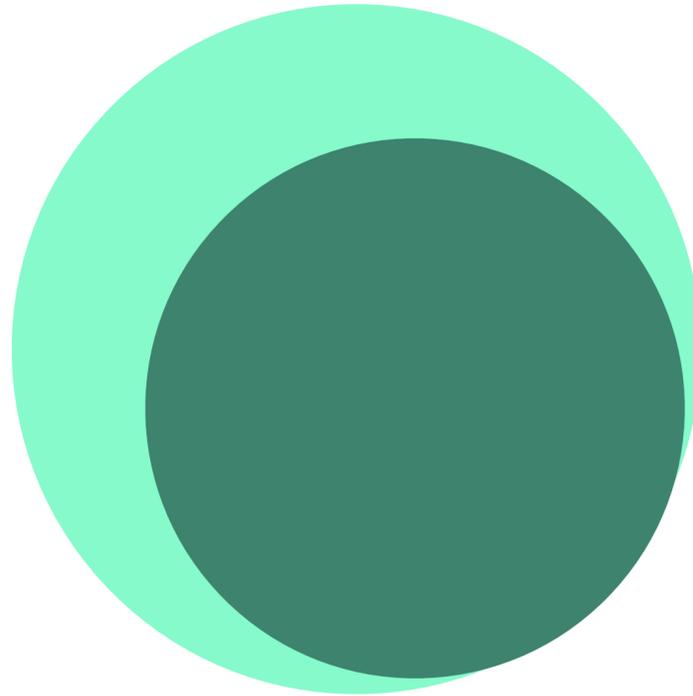
City	Country	Population
. Tallinn	Estonia	394,024
. Tartu	Estonia	101,092
. Narva	Estonia	66,980
. Kohtla-Järve	Estonia	46,060
. Pärnu	Estonia	44,192
. Viljandi	Estonia	20,309
. Rakvere	Estonia	16,736
. Sillamäe	Estonia	16,672

Image credit: [Mongabay](#), 2020



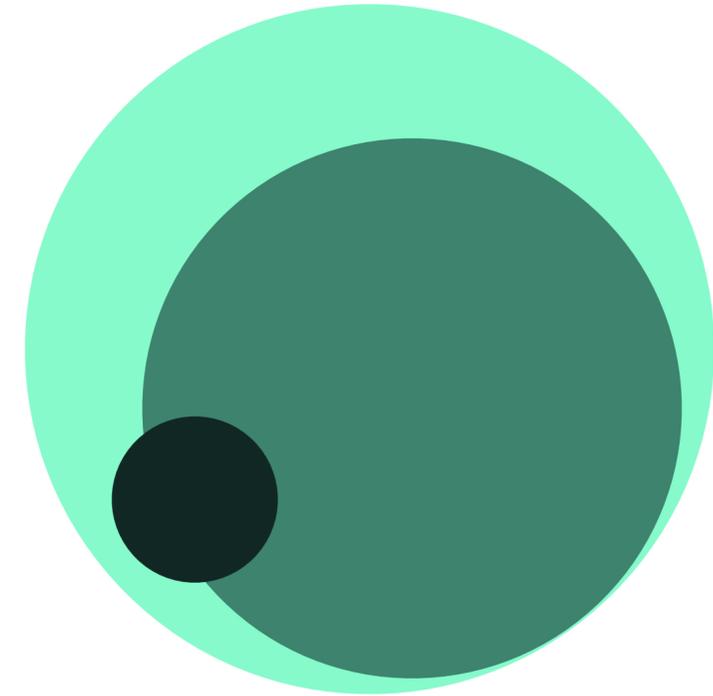
100%

Total marketplace size



70%

Competitors' market share



15%

Your market share

**Is expansion the best
thing to spend your
resources on?**

Budget

Your team's time

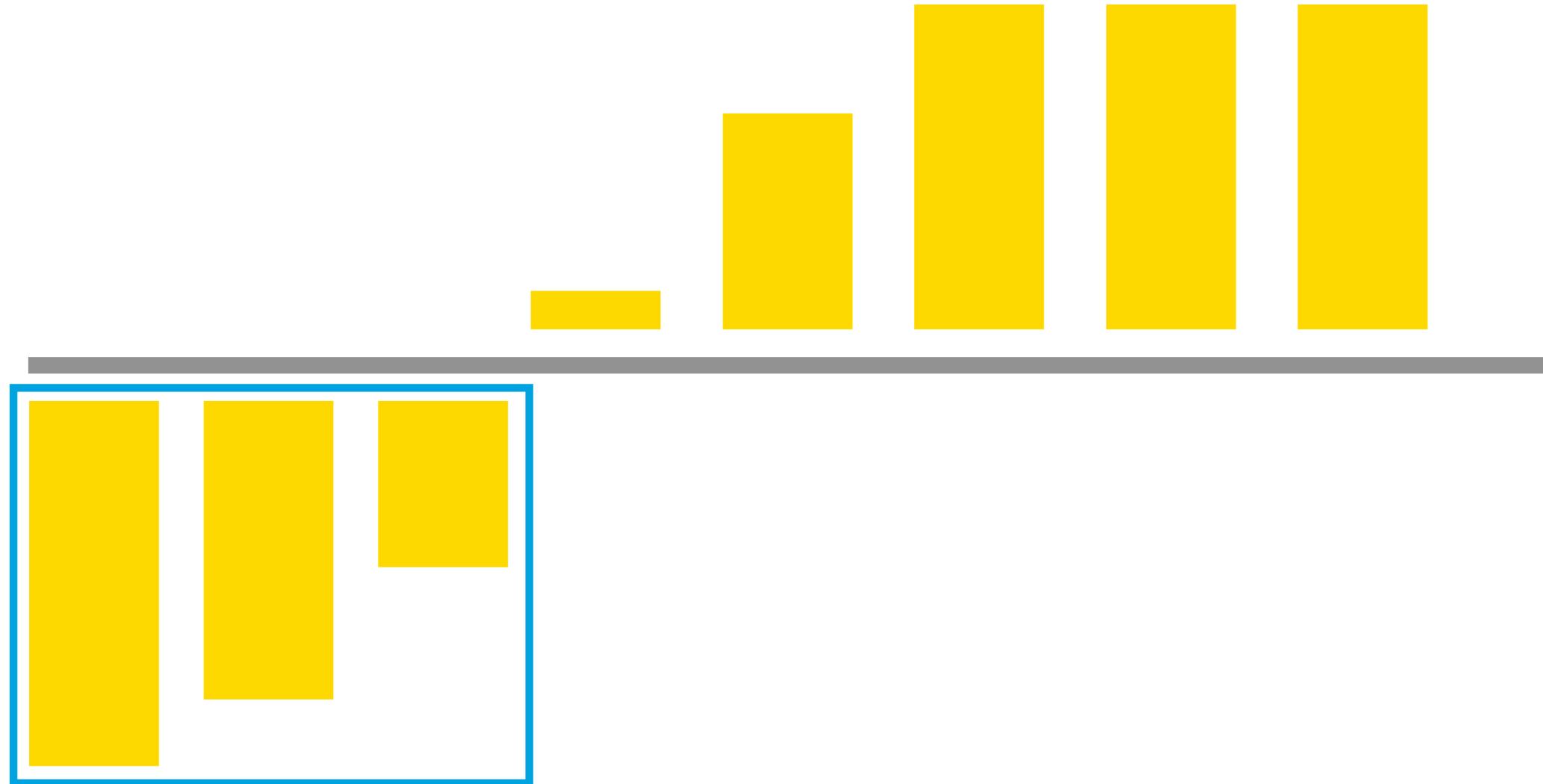
Your own time

**Do you have
enough funding to make
meaningful progress?**

30% profit
on revenue

0% profit

30% loss
on revenue



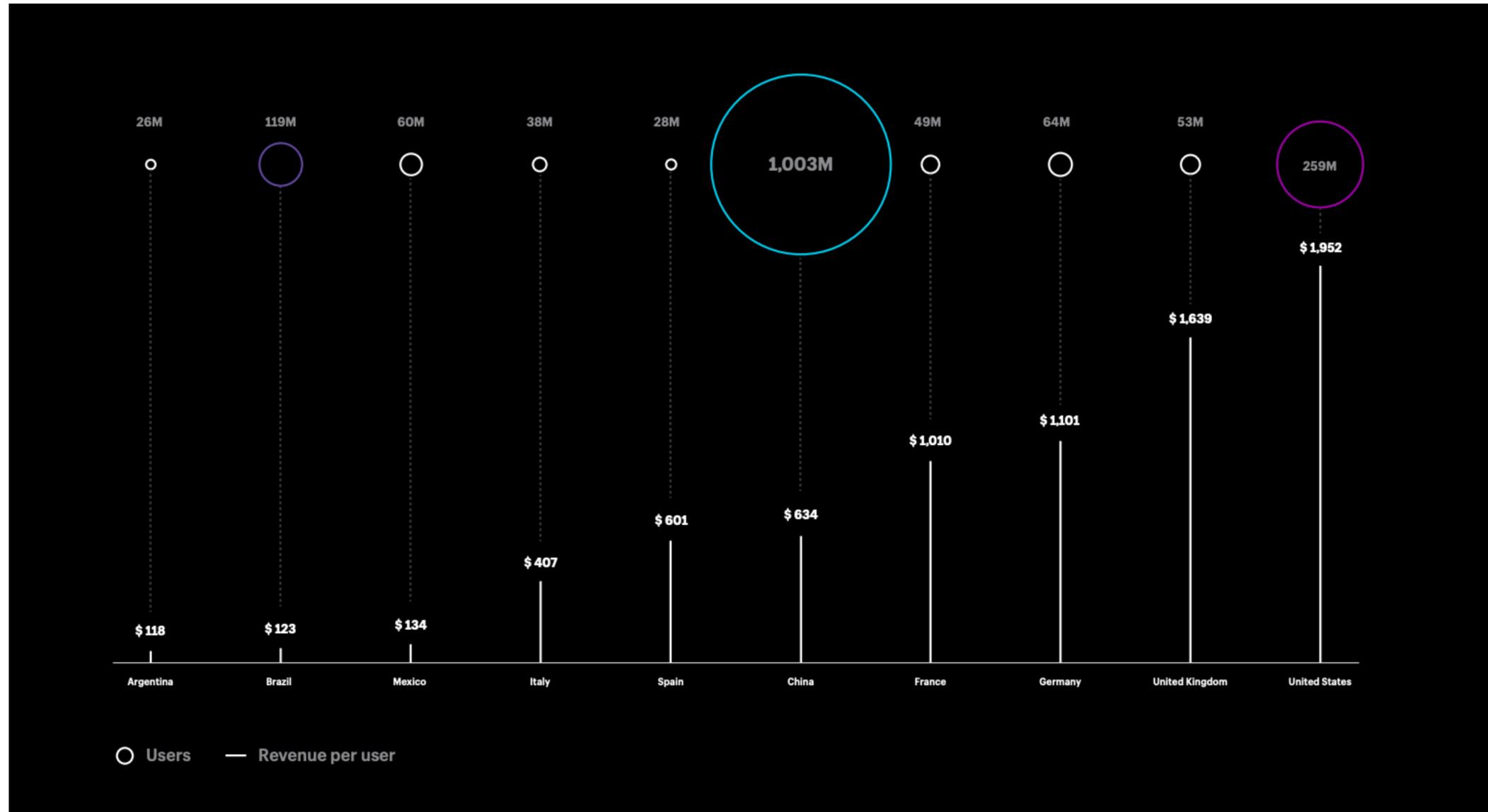
30% profit
on revenue

0% profit

30% loss
on revenue



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

**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

Market potential

= market volume × market share × avg. order value
× avg. annual consumption

Do competitive analysis

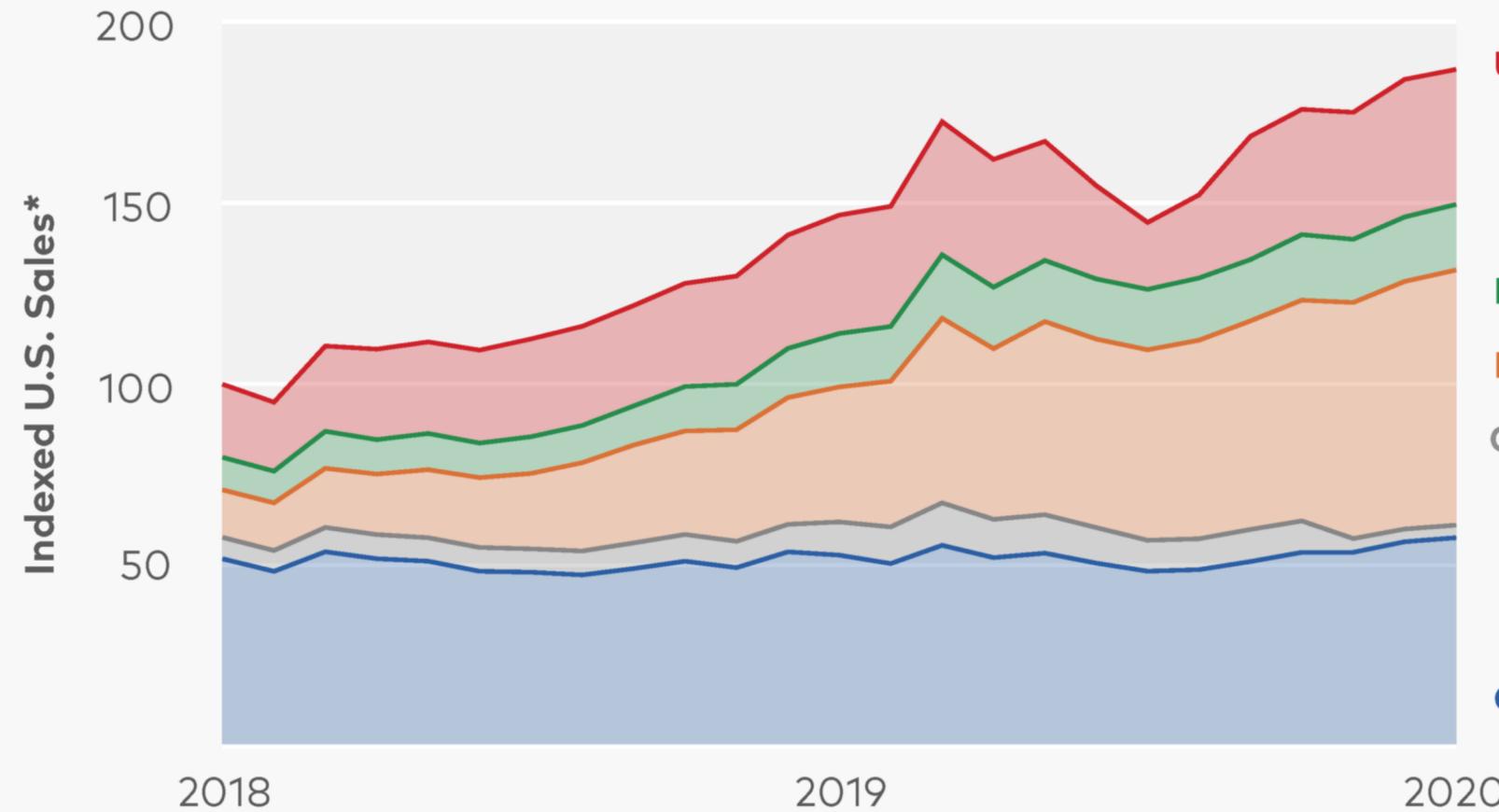


**Who are your
direct competitors?**

**Is the market profitable
for your competitors?**

**How will you win the
market share from
competition?**

Meal Delivery - Monthly Sales



January 2020 Share of Sales

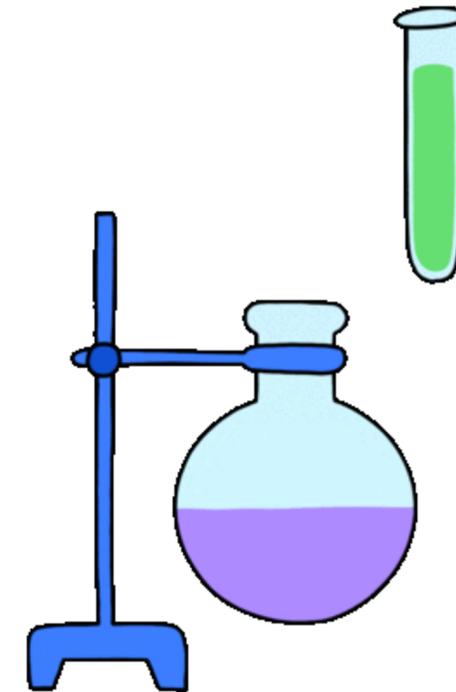
- Uber Eats 20%**
Does not include purchases made with Uber Cash. Some sales indistinguishable from Uber rides, especially in May-August 2019.
- Postmates 10%**
- DoorDash 38%**
- Other 2%**
Amazon Restaurants (prior to Jun '19 closure)
Caviar (prior to Oct '19 acquisition)
Waitr
- Grubhub 31%**

* Indexed to meal delivery Jan. 2018 sales (=100)
Percentages may not add to 100 due to rounding.



Image credit: [Second Measure](#)

How easily can you test the market?



**What's the MVP you need
for testing the market?**

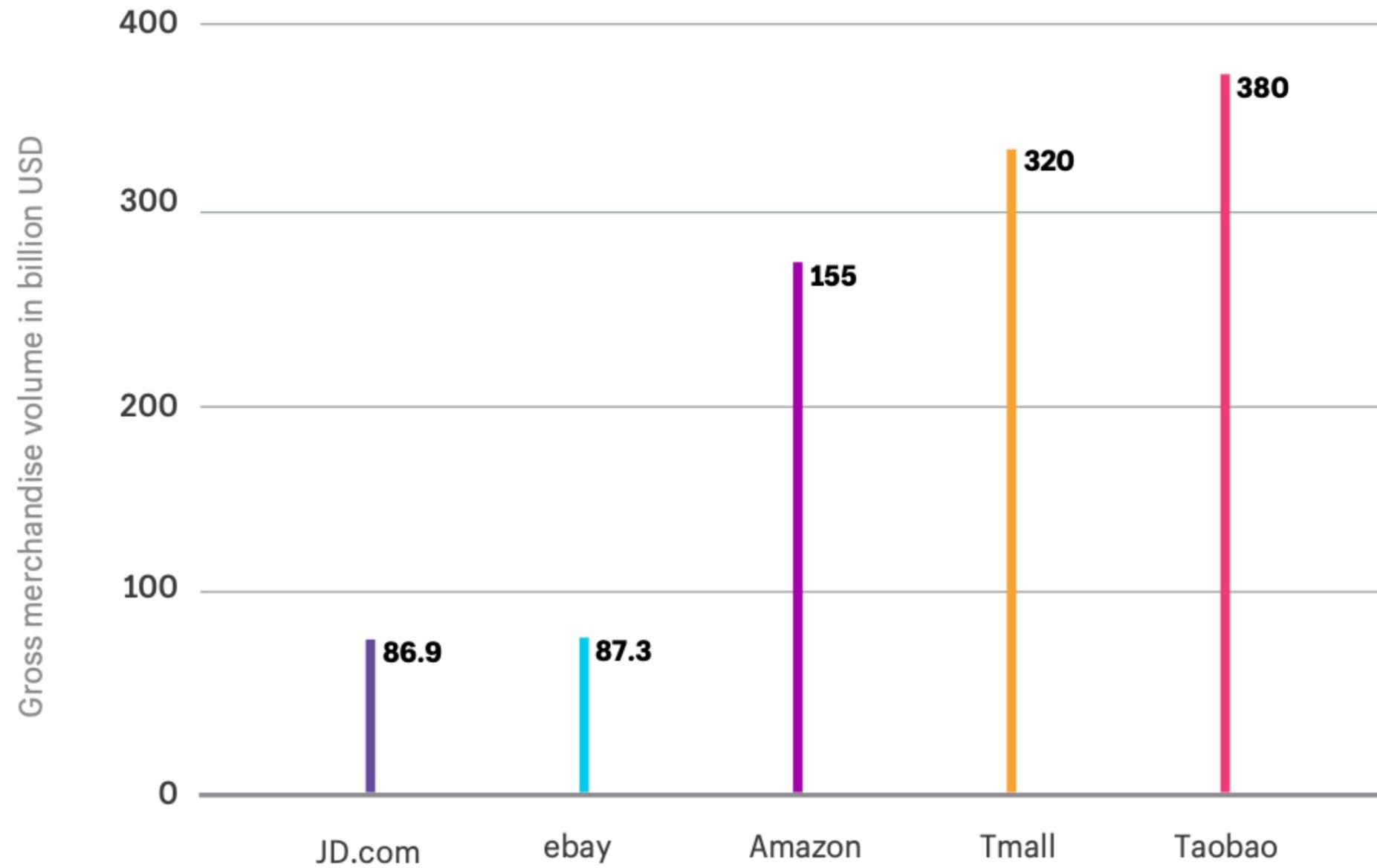
Adapting the product

Regulatory

Shipping, CS

**Still unsure?
Test 4-5 markets
to decide.**





Most popular online marketplaces worldwide in 2017, [Statista](#)

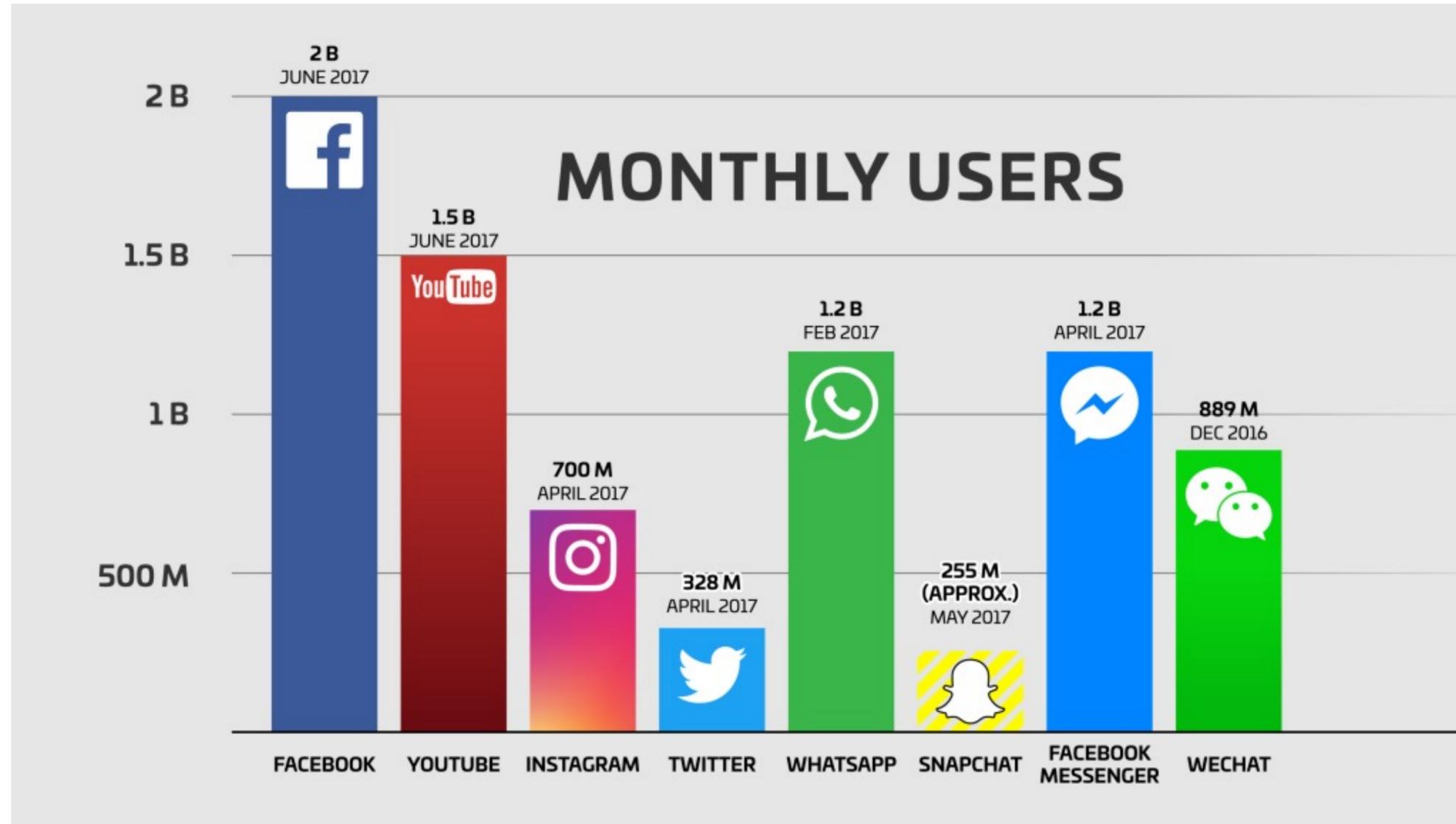


Image source: [Big Commerce](#)

Testing with Facebook & Instagram ads

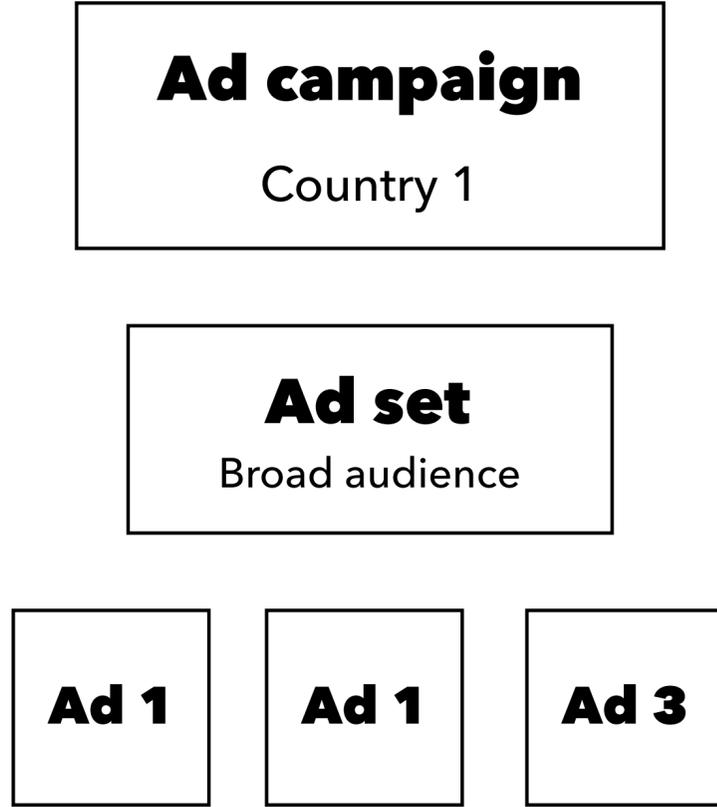
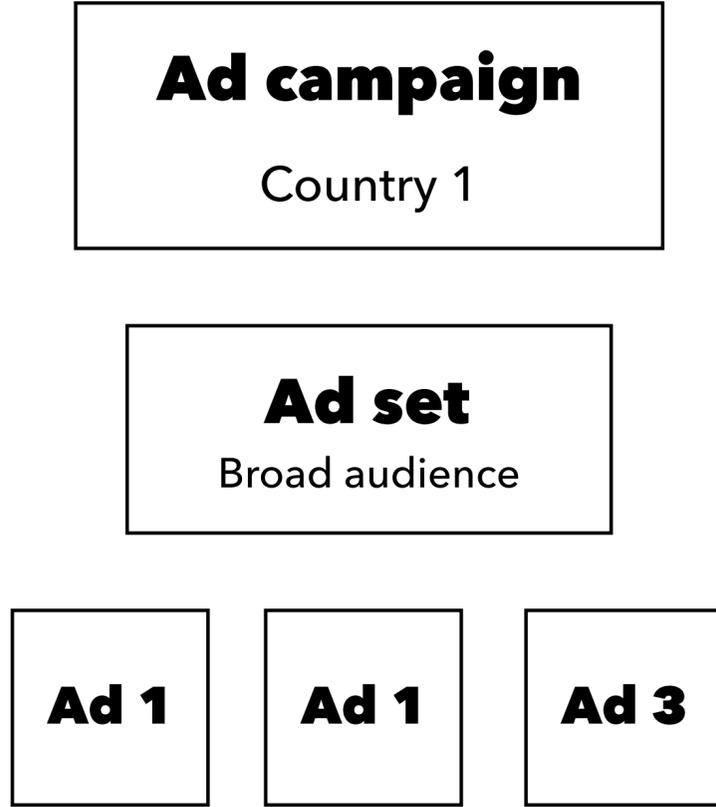
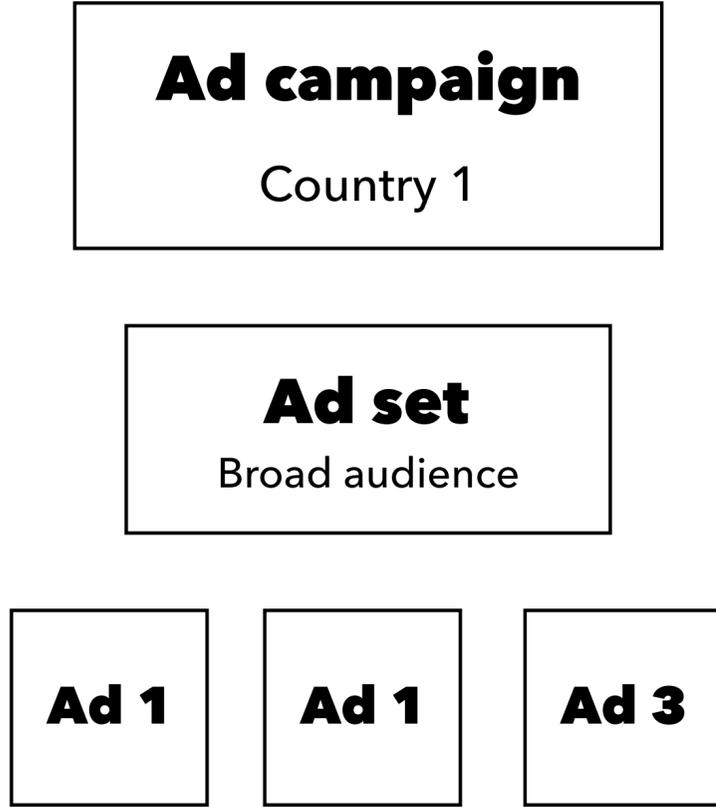
Create a separate campaign for each test country

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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Sponsored · 🌐



Become a driver in London and earn extra money.

Here's how the Bolt Driver app

[...See More](#)

Bolt

Drive with Bolt and earn more!

Only 7.5% commission for the first 2 months

T&C's Apply



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Drive with Bolt app

Start driving with Bolt app!

SIGN UP



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Bolt

Drive and earn more

Only 7.5% commission for the first 2 months

REGISTER NOW!

T&C's Apply



BOLT.EU

Drive with Bolt app

Get started in minutes!

SIGN UP



Bolt (GB)

Sponsored · 🌐



Register now and earn more with our standard 15% commission.

[...See More](#)

Bolt

Earn extra money in 3 easy steps



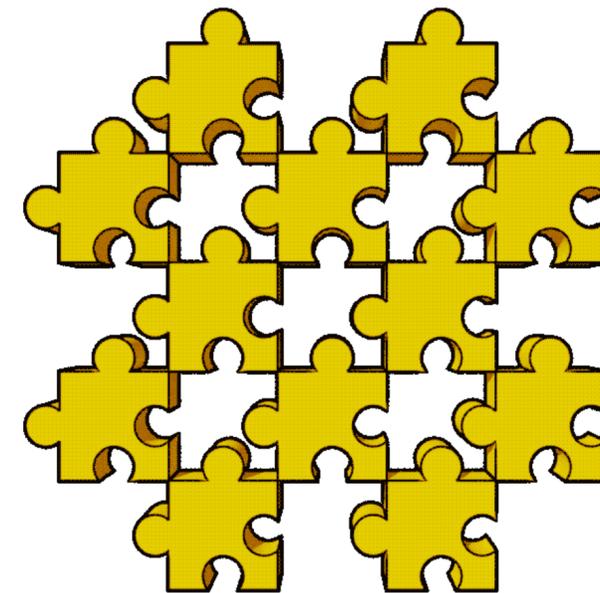
BOLT.EU

Drive with the Bolt app

Earn more on every ride.

SIGN UP

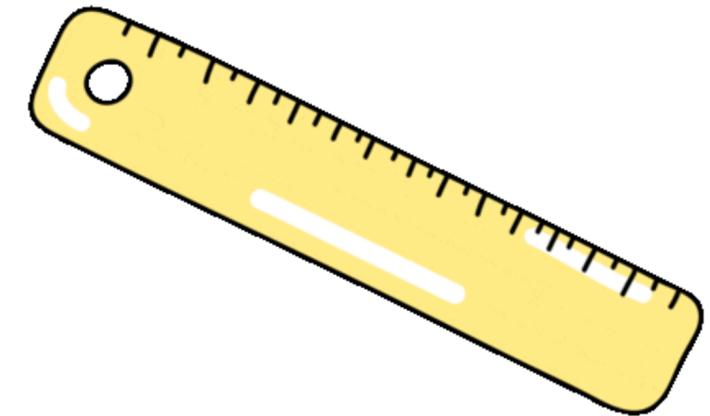
How to set the test budget?



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)

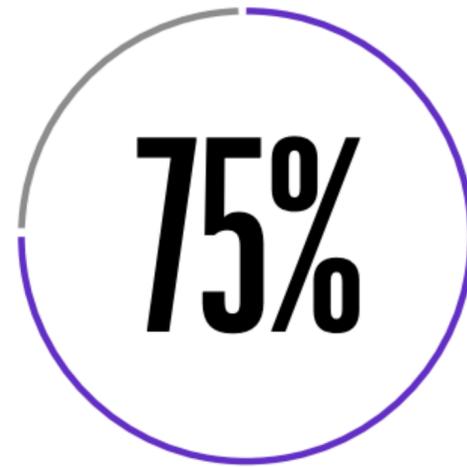
ROI (profit vs cost per acquisition)

Feedback from the first customers

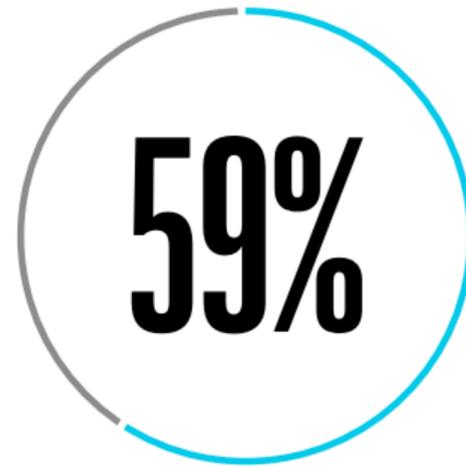
3. How to enter the new market?



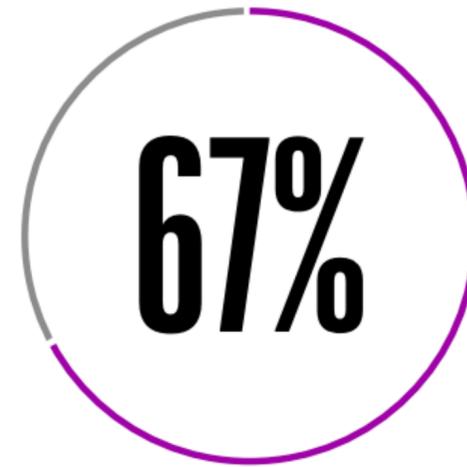
Prepare your product & website



want to buy products in their native language



rarely or never buy from English-only sites



prefer navigation and content in their language

Image credit: [Shopify](#), 2018



MeetFrank

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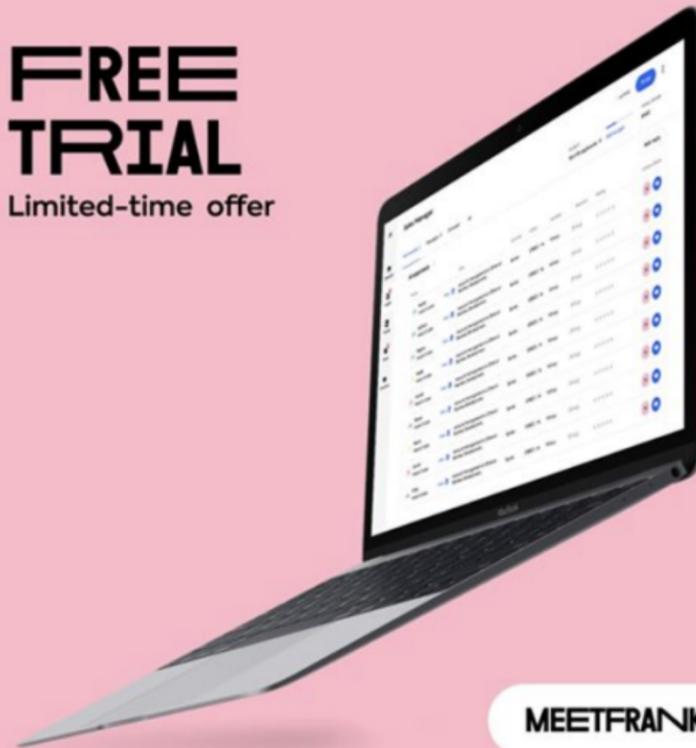
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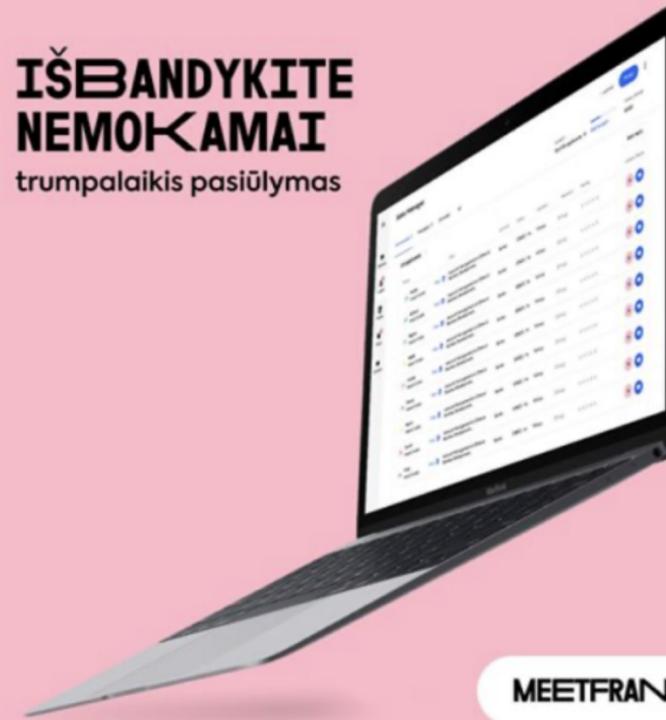
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Neribota ir nemokama darbuotojų paieška

Gaukite iki 80% daugiau aplikantų

Learn More

	Ad Set Name	Its	CTR (Link Click-
<input checked="" type="checkbox"/>	B2B - LT - Lithuanian - Free Trial - Landing Page Views	—	0.26%
<input checked="" type="checkbox"/>	B2B - LT - English - Free Trial - Landing Page Views	—	0.10%
<input checked="" type="checkbox"/>	B2B - LT - English - Logos - Landing Page Views	—	0.14%
<input checked="" type="checkbox"/>	B2B - LT - Lithuanian - Logos - Landing Page Views	—	0.26%

Website

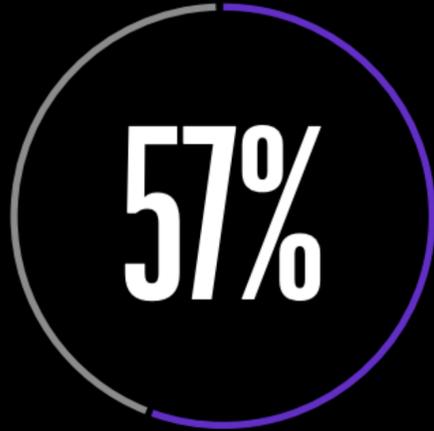
Emails, invoices

Creative assets

**Get ready to offer
(free) shipping**

The cost of not offering free shipping

How does free shipping impact online purchases?



57%

of shoppers will cancel orders if shipping costs are too high



39%

of customers will abandon cart if free shipping isn't offered

Image credit: [Shopify](#), 2018

Prepare your marketing plan

Define your target audience and messaging

Select 1-2 marketing channels to start with

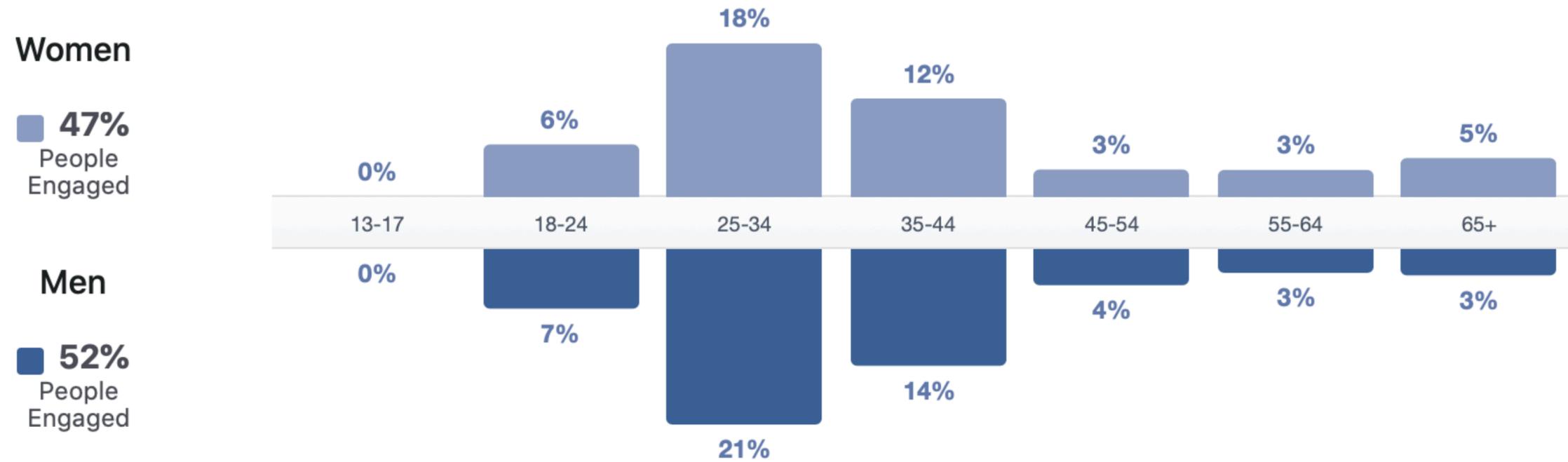
Calculate the marketing budget for 3 first months

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

Prepare all the creative assets

Define your target audience and messaging

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



**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

Ad campaign

1 campaign per country

Ad set 1

Broad audience

Ad 1

Video

Ad 2

Static image

Ad 3

Static image

Ad set 2

LAL audience

Ad 1

Video

Ad 2

Static image

Ad 3

Static image

**Find someone to
manage your ads**

	Strength	Weakness
Marketing Agency	<ul style="list-style-type: none">- Efficiency- Experience- Collaboration	<ul style="list-style-type: none">- Lack of industry knowledge- Hourly costs
In-house Marketing Team	<ul style="list-style-type: none">- Scale advantage- Industry awareness- Internal process	<ul style="list-style-type: none">- Island effect- Talent gap

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?



Are people buying your product?

Does reality match your estimations?

Are you getting organic sales?

**Thank you
for the attention!**

Questions?

Write at marketing@karolakarlson.com

[Karolakarlson.com](http://karolakarlson.com)

[LinkedIn](#)