

Spryker

**GO
BE
Y
ND**



Growth Guide

Driving Digital Growth through International Expansion

Opportunities, strategies and technological solutions to
grow your e-commerce across borders



Content

	Introduction	03
1.	The major opportunities of expanding your business internationally	04
2.	Finding the right strategy to start expanding internationally	06
3.	When is the right time for internationalization?	11
4.	The biggest challenges of international expansion and how to overcome them	13
5.	Best practices of successful internationalization in digital commerce	20
	Conclusion	24



Introduction

How difficult or easy is international expansion?

Expanding internationally in e-commerce basically means not much more than translating the online shop into the language of the target country, right? Sure, a few legal issues need to be clarified and it must be ensured that customer support speaks the language, but creating a successful business model is the difficulty, not expanding it into new countries...

Or is the step into new markets a highly complex mammoth task? Without knowing what makes the country and its people tick, without a network, without experience, you start from scratch, only with greater unpredictability?

Both wrong! Or both right?

Spryker helps companies in a wide range of industries and situations to bring their digital commerce business models to new markets. Many questions and pitfalls come up during that process, which is exactly where this guide is designed to help you. We show you the opportunities of expansion and advise you on the many strategies out there. We look at challenges that often prevent successful

internationalization in commerce and how you can overcome them. We also provide you with a series of questions to help you assess whether your business is ready for the step into new countries. Finally, we will give you some examples from Jungheinrich, METRO and HILTI that will show you how companies from B2B and B2C have successfully expanded internationally with Spryker.

Because the truth about the difficulty of international expansion lies somewhere in the middle. It must not be taken lightly under any circumstances. But with the right strategy, a clever focus and the right technological basis, your business is optimally equipped to derive maximum benefit from internationalization in digital commerce.



02

The major opportunities of expanding your business internationally

There is not only one reason or recipe for successful international expansion. In the end, it is always about the individual business model, starting position and general conditions. It is clear, however, that every business plan is designed for growth and therefore at some point the question arises as to why it should end at the borders of the domestic market. The list of opportunities for internationalization is long and not weighing them up for your own business case is neglectful.



Growth and perspectives:

Not surprisingly, new markets and increased reach can accelerate growth and unlock new profit potentials. Moving abroad gives you access to a broader customer base that allows you to diversify into new products and services or test them locally and apply learnings and trends to your home market. You would also have the chance to form new partnerships, gather new data and investments as well as gain an overall increased visibility that may put you ahead of your competitors.



Business efficiency:

When you enter new countries, you can build on previous experience and existing infrastructure to make market entries more efficient.

Internationalization can also reduce operating costs. For example, synergies in knowledge exchange and partnerships can arise between locations and you can take advantage of specific benefits of individual countries, such as lower production costs or a large pool of affordable specialists.



Robustness through versatility:

Companies that operate in only one country are thus also susceptible to changes in this market. A new strong player, a restrictive change in legislation or a local crisis can hit companies hard if they are dependent on this market. If your domestic market is slowing down, internationalization allows you to secure your business in the way that your revenues are more stable and difficulties in individual markets can be cushioned.



Reputation and talent:

Of course, the opportunities in new markets are by no means limited to increased sales. Another good reason for internationalization is the growing reach and strength of your brand and the reputation, recognition and credibility that come with it. Additionally, you gain access to local talent, which can give the company a competitive advantage and in turn contribute to increasing diversity.





03

Finding the right strategy to start expanding internationally

“ We use Spryker as the technological platform for our global webshop. The webshop is our main revenue channel, generating 80% of our global sales, and is being used to scale the business internationally, implement the latest features quickly and offer an excellent user experience across all devices.”
- Rob Peters, Director Marketing & Sales, Lautsprecher Teufel

When you have exhausted your growth opportunities at home, there isn't only one way to expand your business. From a heap of strategies to expand, finding the one best suited to your company can be a journey and takes a lot of evaluation. Deciding what direction your company should pursue rests primarily on your objectives which we elaborated in the previous point of this guide.

Taking your business across borders offline usually follows one of three very distinctive strategies: multidomestic, meganational or transnational. A company that pursues a multidomestic strategy customizes products, services and operations by effectively becoming a group of locally focused subsidiaries. At the opposite, a meganational strategy focuses on reaping cost reductions from economies of scale and other efficiencies of seeing the world as one huge market. Meganational companies create products for a world market, manufacture them on a global scale in a few highly efficient plants

and market them through a few key distribution channels. Of course, many companies need to be both locally responsive and globally integrated. The transnational strategy is a hybrid one where a company aims to be simultaneously global and local.



Discover more on the right time for international expansion in Chapter 4

Although these strategies are primarily designed to fit offline expansion, they still inherit plenty of thoughts to elaborate for the e-commerce world as well. From the question to what degree you should localize or standardize and how your value chain has to respond to an assessment of new teams and partners, this strategic basis defines the overall scale of your expansion. When looking into expansion strategies for e-commerce more specifically there are another three major options for your business to jet off globally: expansion with marketplaces, multi-store or through D2C.

Expansion with Marketplaces

Marketplace is a business model that is easily scalable. You have the option to either place your products on a foreign marketplace or, even better, become a marketplace and invite foreign merchants. By doing that you cut out the steps of investing in and sourcing inventory yourself and onboard Merchants that enrich your product portfolio instead. New Merchants with an appealing service and product assortment will quickly grow your

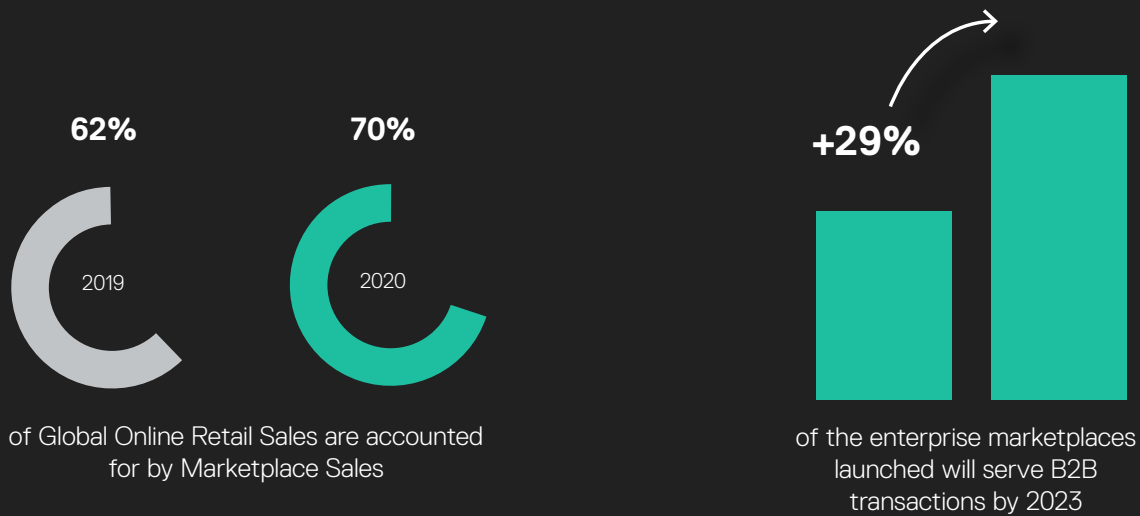
customer base and diversify your product offerings. You no longer have to worry about fulfilling orders and offering product availability around-the-clock on your own. You can share this responsibility with local merchants and open your marketplace beyond your borders and time zones. Classical sources of problems such as the new language, payment systems or the handling of complaints and returns are thus largely eliminated.



How it works with Spryker:

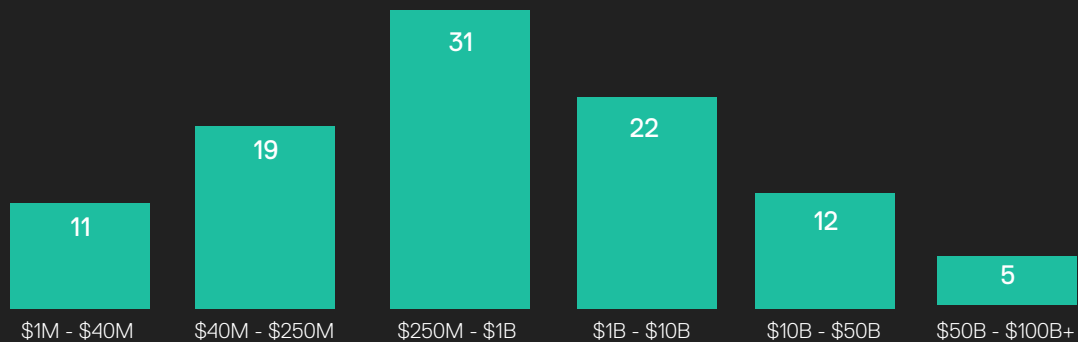
Evolving your business into an enterprise marketplace is a big evolutionary step. Spryker's Enterprise Marketplace Solution offers a wide range of additional B2B and B2C features like access restrictions to prices, content and availability of products, intricate cart and negotiation features and of course individual order fulfillment. You will gain complete ownership of the platform, run it from one interface and are in full control of merchant activities. You can approve, edit and deactivate merchant accounts as well as check and approve products and offers coming in from the merchants. With Spryker you can create your own products and either make them available for merchants' offer or make them exclusive. Your end customer gets the most seamless shopping experience with search and filter options, the option to buy products from different merchants in the same session with no need for separate carts, payments, checkouts or returns.

The rise of marketplaces in numbers



TOP 100

Size of the Top 100 Marketplaces broken down by GMV in Billion US-\$ in 2020



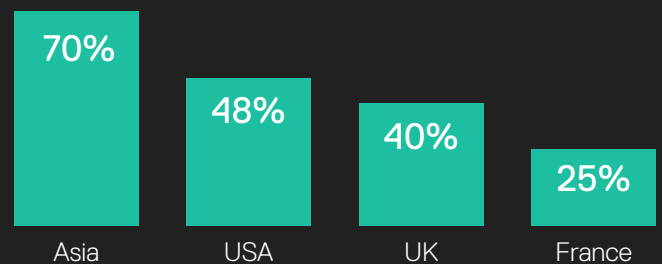
ON THE RISE

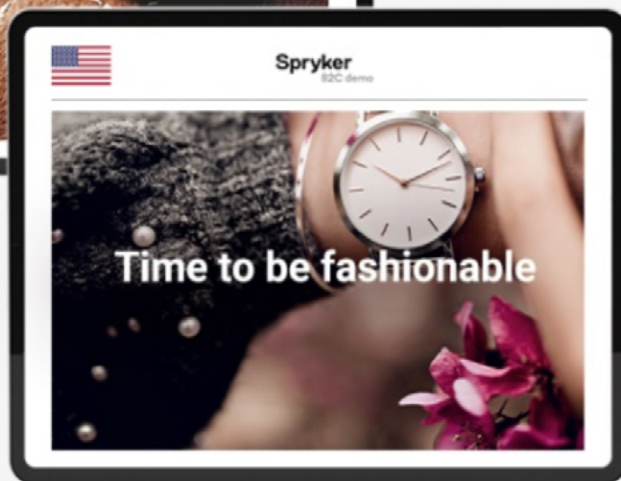
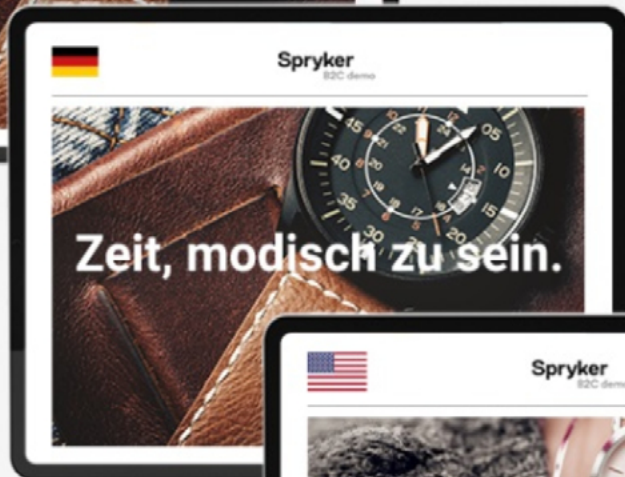
Marketplaces are driving the growth of GMV in Billion US-\$ of the worldwide e-commerce market



REGIONAL MATURITY

Marketplace share in the regional e-commerce market in %





Expansion through Multi-Store

Expanding your business with a multi-store approach gives you the flexibility to create multiple stores for different scenarios – giving you the ability to easily reach your customers everywhere. You can freely choose whether you want to create a single store with a single product database that serves multiple regions and languages, or if you want to set up separate

stores for each region, selling localized products. The stores, whether separate or centralized, can be customized to your needs. For example, you can set up different products, discounts, navigations, store logics, and much more.



How it works with Spryker:

The multi-store functionality in Spryker Cloud Commerce OS enables you to seize opportunities around the globe and expand seamlessly. Especially the fast implementation in the style of an MVP and the easy customization from a central instance give you a quick start. This multi-store functionality offers you the possibility to flexibly create multiple stores for different scenarios and thereby cover all your businesses and customers. The stores, whether separate or centralized, can be replicated easily and edited individually. For example, you can set up different products, discounts, navigation, business logics and much more. In addition, you can create different currencies, prices, taxes and tax rates and thus adapt your store to the conditions in different regions. Additionally, products, product options and shipping methods can be freely defined so that they automatically adapt to local conditions. Of course, it is also possible to adapt taxes and tax rates and content such as product descriptions individually to the different regions.

Expansion through D2C

Even though Marketplaces have the highest market share of all digital distribution channels, they are only half the way to selling directly to your consumers. A marketplace legally owns the customer data, and brands cannot directly influence customers to drive a customer's lifetime value to the brand (CLV). So, while you definitely have more control over your assortment than in a traditional wholesale business model, you do not have control over consumer data.

That's where D2C comes in. D2C means selling directly to an end-consumer and having the legal right to use your customers' data. It can hold enormous potential for manufacturers who take customer orientation seriously and really position themselves for the future. Once your own web shop is set you have a great possibility to expand is to create additional distribution channels with a direct-to-consumer strategy that increases the chance of higher margins, access to new consumer groups (for example, by expanding into new markets on your own, managing the brand experience, and obtaining your own data on customers).

Know what you want from international expansion and build your strategy and execution plan accordingly and be sure that Spryker is ready to follow and support your business on every path you choose with our technology.

To ensure that critical systems, data, teams and more can work separately or consolidated, we have designed the internationalization capability for the Spryker Cloud Commerce OS to be as flexible as possible. All functionalities are extremely versatile and can be fully customized to meet any needs, allowing for fast and smooth expansion into new markets.



When is the right time for internationalization?

In general, when you think about growth the thought of “What comes next?” should always accompany you. The sooner you ask yourself that question, the better. Nevertheless finding the optimal moment to take the first step to go across borders can be challenging. Hence, we’ve conceptualized this framework for you to evaluate your current stand, to elaborate whether you are ready for expansion yet and to learn next steps to strive towards a “Go Global”.

	Reconsider	Keep Planning	Go Global Now
Is the market ready?	<p>Legal barriers to entry are high or the political and economic situation in the target country is tense</p> <p>The market penetration of local competitors is very high, the technological maturity level very low</p> <p>The perception of your brand and products is very different in that culture</p>	<p>Your brand is not completely unknown in the target country</p> <p>You are growing out of your home market and looking for quick ways to expand your target market</p> <p>You have identified a marketplace or potential partners for market entry</p>	<p>You fill a niche in the target market</p> <p>Market research has confirmed the existing demand for your product</p> <p>You are already receiving frequent inquiries about the availability of your products in the target market</p> <p>Your sales are very seasonal or event-driven in the domestic market</p>
Is your organisation and leadership ready?	<p>Your administration and decision making is currently kept decentral and hinders an effective top-down decision</p> <p>International expansion is only one of many priorities</p> <p>Tensions arise from threat of power reallocation</p> <p>There are still conflicts between the goals of global e-com & national subsidiaries</p>	<p>You have initiated transformation towards (more) central steering</p> <p>You’re in the process of redesigning your reporting for a fast decision-making process</p> <p>You are currently in the process of breaking up old structures or even got through a management buyin</p> <p>You currently have set a rather devious definition of prices</p>	<p>You utilize customer specific prices and actively manage adaption with price bands</p> <p>You have a efficient process and expertise in steering of hybrid customers (online + offline)</p> <p>You are committing on benefits for any aggrieved party that might conquer you</p> <p>You have a clear budget and timeline set and allocated to all departments</p>

	Reconsider	Keep Planning	Go Global Now
Is your business model ready?	<p>Legal foundations have not been fully clarified</p> <p>You want to enter many different markets simultaneously</p> <p>You don't differentiate at all from competitors</p> <p>You don't have your intellectual property and product specifics secured for expansion</p>	<p>The reason for considering internationalization is reactive rather than proactive (e.g. reduce dependency on the local market)</p> <p>You are torn between a local branch office and centralized control from the home market</p> <p>You struggle to find the right implementation partners</p>	<p>You have a long-term strategy in place</p> <p>You achieve positive financial results and can even (partly) finance the expansion from free resources</p> <p>You have established an investor-and other stakeholder-oriented guidance and support</p>
Is your product ready?	<p>You sell a product based on legal details of a specific country (e.g. tax or banking software)</p> <p>Customs duties, taxes or other legal regulations have a strong influence on your pricing</p>	<p>The most important products for a first test are defined</p> <p>With slight adjustments your product can also be offered in the new market</p> <p>Your marketing needs to be adapted for the new market</p>	<p>Your commerce technology is flexible and scalable</p> <p>No local competitors who can offer a comparable product even though there is demand</p> <p>You have a strong distributor who can feel the market for you</p> <p>You can already ensure the same product quality and customer experience in the target country</p>
Is your team ready?	<p>There are language problems and intercultural cooperation in the team is inhibited</p> <p>The time difference is large and you can hardly ensure an overlap of working hours in both countries</p> <p>You cannot compete with the salary packages and benefits of local competitors</p>	<p>You have employees or customers with experience in the target market</p> <p>You do not have a legal entity in the target country, but there are offers from EORs and PEOs</p> <p>Goals, expectations and rules of cooperation are not yet clarified (e.g. working language, project processes, roles)</p>	<p>A well-rehearsed team is ready to move to the subsidiary in the target market</p> <p>It is clear which tasks are managed centrally and which are implemented locally</p> <p>You have all the tools to enable the team to communicate and work effectively across locations</p>



04

The biggest challenges of international expansion and how to overcome them

Challenge #1: Finding the right market

The world is your oyster, but where do you start? This first decision will set the basis for your expansion and will take you some time to figure out. You have to weigh up which markets are relevant and attractive for your business. On the one hand, this involves discovering potentials and opportunities and defining goals. On the other hand, you should also be realistically assessing the risks, hurdles and costs of entering a market. Don't make the mistake of rashly committing yourself to a country without a solid database only to discover later that there was no market for your product or service in that country.



More on opportunities of international expansion in chapter 2

Solution:

The foundation of your research should include macroeconomic and microeconomic information about the target country as well as (local) industry and consumer trends. To do this, contact local experts and leaders and observe other businesses that already successfully built a presence. It can also be useful to commission your own market research to get indications of where demand will be greatest in the coming years. Visiting the country and attending local networking events can also be helpful to touch ground.

The following models can be used as a structure for your market entry evaluation and planning. Each model comes with a set of useful questions that serve as a guideline to identify the basis for your decision:

- **SWOT analysis:** Discover the strengths, weaknesses, opportunities and threats of the market, for you and your competitors
- **Porter's five Forces:** Understand the most important forces, like rivalry competitors, supplier availability and market shares, of the industry in your target market
- **PESTEL Analysis:** Analyze and monitor the macroeconomics factors such as demographics, political constraints, technological maturity and also environmental issues

Did You Know:

Competitive analysis is a tool that is often overseen by companies or executed in a superficial way. Businesses frequently underestimate the degree of competition in new markets. Even if your business is one of the pioneering companies, there can be threats in similar business models. Therefore, try to distinguish the severity of your different competitors. If you don't see how you would be different, it's better not to go to the target market or find a way to differentiate.





Challenge #2: Understanding the local culture

When in Rome, do as the Romans do. To be successful in international markets, you need to be familiar with the local culture. Your brand, processes and products will have a different impact than before. This starts with everyday things like language and perception to psychological or behavioral customs. It is important to find out the influence of these cultural differences on your business.

Solution:

Inform yourself in detail about all customs and expectations of the country. Hofstede's cultural dimensions, for example, can give you a first impression. This is a validated model of cultural research that explains and names fundamental differences between regions. However, you should above all be concerned with business-relevant details.

- How do customers shop and pay in the target country?
- What after-sales service do they expect?
- What needs to be considered in direct contact with customers or suppliers?
- How do the customers' personas differ from your current customers?

The more direct your access to the local market is, the better chance to find an authentic answer to these questions. Start looking within your own company. Are there any employees who originate from there or already have experience with the culture of the target country? If not, it can also be very helpful to recruit them specifically or hire consultants with the appropriate expertise. Also talk to existing customers and partners - many of them will be represented in several countries and will be able to share valuable insights with you.



Challenge #3: Entering the market

Once you have identified your ideal target market and learned about the local culture, the next obstacle is to enter the market. Challenges such as import duties, fees, time differences and exchange rates await you. But if you find a good way through the new conditions, the role of the newcomer can quickly become a position of strength. Another important obstacle is the actual definition of an entry strategy with a correspondent timing.

Solution:

As a general step, we recommend searching for partners. Your focus should be on your core competencies and potential partners should complement these in a meaningful way. Choose a partner who can, for example, provide you with access to customers, a broad network or local infrastructure. This way, you can quickly create a compelling customer experience and enter new markets faster and more efficiently than if you were going solo. Overall, these are some of the most crucial questions you should answer to define your mode of entry:

- Which operations you want to control yourself in the new market and which responsibilities and work you can and want to delegate?
- Which online retailer leads your target category?
- Define your entry speed and whether you want to test a single shop or region or whether you want to cover the entire market at once.



More about strategies of international expansion in chapter 3

For many companies it is an attractive strategy to use a locally established marketplace for the start. Especially B2C companies traditionally use this strategy, but also in B2B there are more and more marketplaces and corresponding opportunities. Regardless of whether your brands are new to the e-commerce channel, or you are entering a new e-commerce market, category or country – you need to find the right retailers to give your products the best chance of success. In any case, there are more options than the best-known marketplaces such as Amazon, Alibaba or Ebay. In Poland, for example, Allegro is the first choice, and in the Netherlands, customers mainly use [Bol.com](https://www.bol.com).



Digression: The influence of Covid-19

The COVID-19 crisis has led people to drastically limit physical interactions. Self-imposed social distancing, together with the strict measures implemented in many countries, have put a large share of traditional brick-and-mortar retail virtually on hold, at least temporarily. Online shopping reached levels last year that weren't projected until 2025. While in the US retail and food services sales between February and April 2020 were down up to 8%, industries like consumer electronics, furniture and home supplies, fitness, grocery and other non-store retailers (mostly e-commerce providers) started to

thrive by 16% and 14.8% respectively. In the EU retail sales via mail order houses or the Internet in April 2020 increased by 30% compared to April 2019. In general, in the US the revenue from ecommerce is expected to reach \$469.3 million in 2021 and hit \$502.6 million by 2022. The resulting shifts from brick-and-mortar retail to e-commerce are likely significant across countries. Covid-19 has given a strong boost to digitization in many areas and this also makes it easier to enter new countries, especially in digital commerce.



Challenge #4: Legal framework

Legal planning is essential before you embark on an international expansion. Tax issues can offset the potential in an otherwise attractive market. Disputes with customers can become expensive and opaque if the dealer operates exclusively from his home country. Even if restrictive markets such as China are slowly opening up to foreign companies, the legal framework remains a decisive factor for any international expansion.

Solution:

Your compliance and legal team should be involved in the decisions and processes of internationalization from the very beginning. Above all, you will have to figure out whether you want or even have to establish a legal entity or subsidiary in the target country, in order to enable cash flow at all or to be able to employ people locally. In any case, it is essential to consult with specialist lawyers, legal advice centers of associations and chambers and also to familiarize yourself in advance with the most important consumer rights and regulations:

- What taxes and customs duties are incurred?
- How can you secure your intellectual property (if applicable)
- What regulations apply with regard to your terms of service, like returns or statutory guarantees and warranties?
- Are there specific regulations in your business field, e.g. for hygiene in food or even advertising limitations?



Challenge #5: The right team

Your employees are your most valuable asset. This also applies to internationalization. Putting together and managing a team that is spread across several countries is a great challenge. If, on the other hand, you manage your expansion centrally and without a location and team on site, other hurdles such as language skills, time zones or travel costs are waiting in the wings.

Solution:

When it comes to personnel issues, it also starts with the question of whether or not you will be represented by a local branch office or subsidiary under your own management. In that case, the following questions should come up in your process of establishing the team:

- How will you handle general business administration and team management?
- Do you want to assemble a new team or persuade current employees to move?
- How many people do you need to fill the most crucial e-commerce departments of sales, support and accounting?

If you decide to employ without a local subsidiary or branch you can conclude employment contracts in the target country via a so-called “employer of record” (EOR). The EOR becomes the legal employer of your team and assumes all organizational tasks, such as writing employment contracts, payment, handling taxes, and social security visas. Especially if you only want to have a few employees in the country, this all-inclusive offer for HR issues is an option.

Similar services are offered by “professional employer organizations” (PEO). The PEO is not only a direct party in employment contracts with your employees, but also takes care of employee administration services such as recruitment and benefits. A PEO can be particularly useful if you have a local office, but it is too small to provide the services the job market demands.

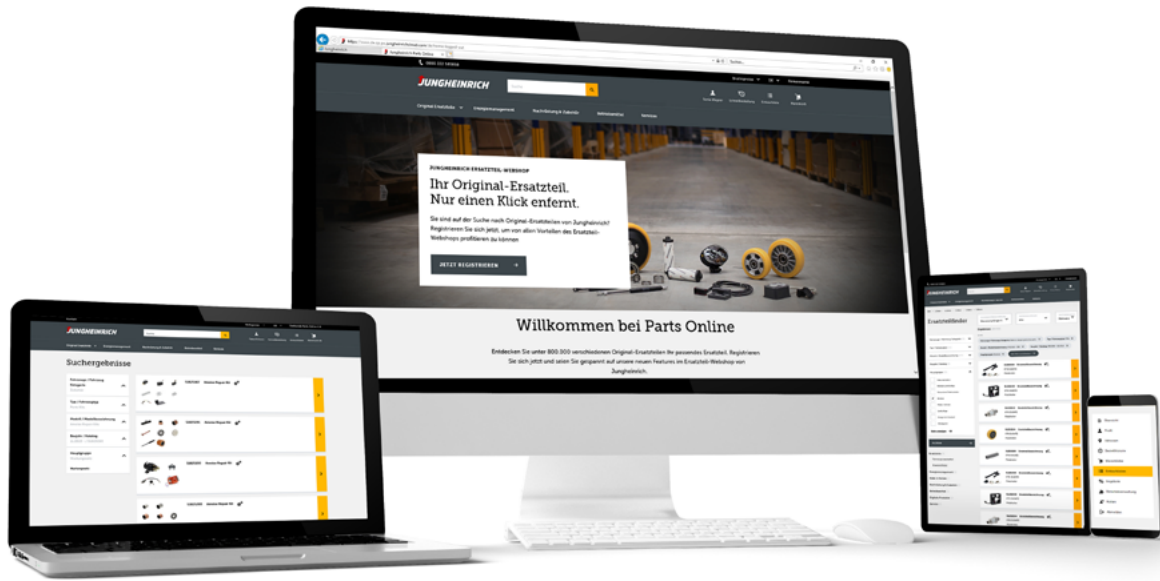


05

Best practices of successful internationalization in digital commerce

Spyker solutions have empowered 150+ companies to manage transactions in more than 200 countries worldwide, giving us access to extremely relevant market insights and trends. In this section we want to quickly highlight a few examples of customers that Spyker accompanied in their process of expanding internationally.





One Platform to Consolidate all Commerce Activities

Intralogistics

Industry

300.000+

products

41

storefronts

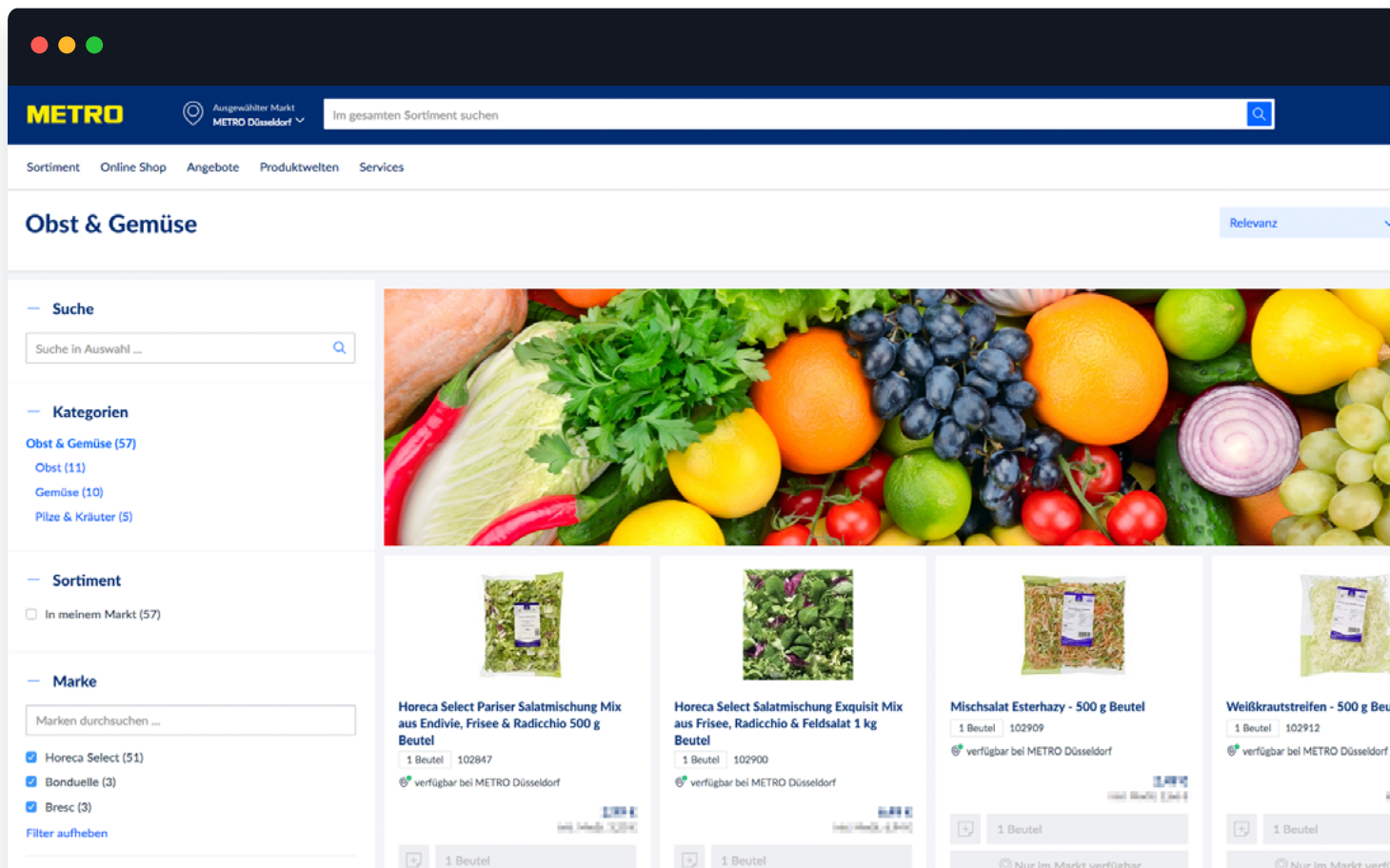
40

countries

Jungheinrich AG, headquartered in Hamburg, Germany, is a leading global solution provider for everything related to intralogistics. Before Spryker, Jungheinrich's existing e-commerce infrastructure was limited in its ability to meet the growing needs of its business customers. To meet these demands and successfully integrate new vendors and partners, Jungheinrich decided to switch to a scalable and expandable solution. Launching 41 individualized storefronts in 40 countries in one admin interface, Spryker developed a holistic strategy to help replatform the Jungheinrich Parts Shop platform – a new online store system selling more than 800,000 spare parts for a comprehensive range of logistics-related items.



[Read the whole Jungheinrich Success Story](#)



METRO

Optimized customer experience with the power of expansion

**Retail
Wholesale**
Industry

€27bn
in annual
revenue

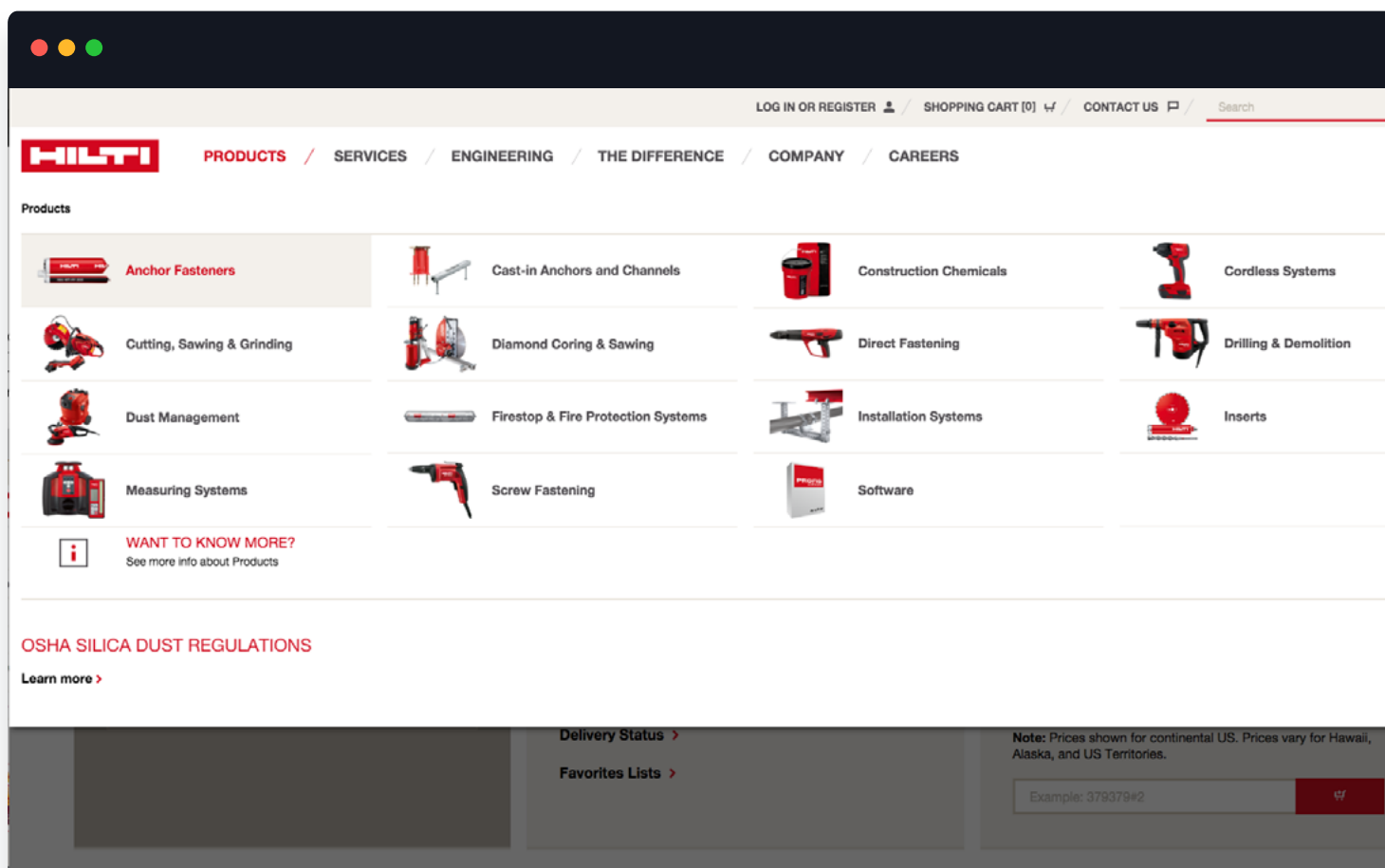
150.000
employees

36
countries

METRO is a leading international specialist in the wholesale and food trading industry. METRO primarily serves three groups of customers: the so-called HoReCa-customers (hotels, restaurants & catering), the SCOs (small companies and offices), and traders (small, independent retailers). In order to optimize its customer experience and promote customer loyalty, METRO's digital services needed to be adaptable for each group of customers, their location, and individual needs. At METRO, the omnichannel approach is already a major part of the company's strategy. That's why the company, together with Spryker, launched a greenfield project in e-commerce. Ultimately, Spryker Cloud Commerce OS enabled METRO to automate parts of their processes across 36 countries, saving time and reducing the risk of errors.



[Read the whole METRO Customer Story](#)



Multi-billion Euro company expands internationally with an MVP

**Manufacturer
/ Construction**
Industry

€5bn
in annual
revenue

250.000+
touchpoints a day

8
Spryker shops

HILTI is already active in 139 countries around the globe and chose Spryker to provide a fast and cost-effective solution for an MVP expansion into Africa.

As a premium partner for construction professionals, it is important for HILTI to create outstanding customer experiences. For this reason, customer orientation always plays an important role in their strategy. However, customer expectations and needs vary significantly from country to country. Therefore, HILTI has created 8 country stores, each offering different products, prices and languages or serving a specific customer group. The targeted adaptability and integration into different ERP systems were important requirements, as was the short time-to-market of the MVP.



[Read the whole HILTI Customer Story](#)



Conclusion

Expanding globally can be one of the most challenging yet rewarding endeavors of your business journey. Hopefully, after reading this piece, you may feel more ready than ever to expand your e-commerce business around the globe. Refer to this guide as you enter a new phase of international expansion. Use it to avoid costly mistakes. Let it guide your decision making.

Knowledge is indeed power, but remember that it will only help you if the time and circumstances are right. Take the time to consider whether you fit into certain international markets, and be careful when making changes to your business. International expansion should not be a game of chance that could bring your business to the ground, but a sound and beneficial step that will move you and all your employees forward. If you go forward with constant self-confidence, you will go further than you ever imagined.





About Spryker

Founded in 2014, Spryker enables companies to build sophisticated transactional business models in unified commerce including B2B, B2C, and Enterprise Marketplaces. It is the most modern platform-as-a-service (PaaS) solution with headless & API-based architecture that is cloud and enterprise-ready and loved by developers and business users worldwide. Spryker customers extend their sales reach and grow revenue with a system that allows them to increase operational efficiency, lower the total cost of ownership, and expand to new markets and business models faster than ever before. Spryker solutions have empowered 150+ companies to manage transactions in more than 200 countries worldwide. Spryker is trusted by brands such as Toyota, Siemens, Hilti, and Ricoh. Gartner® recognized Spryker as a Visionary in the 2021 Magic Quadrant™ for Digital Commerce. Spryker was named a major player in B2B e-Commerce by IDC and is the only commerce platform to provide full B2B, B2C, D2C, and Marketplace capabilities out of one stack. For more information about Spryker please visit [Spryker.com](https://spryker.com).

Do you have feedback for us?

Please feel free to contact us!

content.marketing@spryker.com

Spryker Systems GmbH

Heidestraße 9-10

10557 Berlin / Germany

T +49 / 30 / 208 49 83 50

M hello@spryker.com

W spryker.com

© Copyright 2021

All contents, in particular texts, photographs and graphics are protected by copyright. All rights, including reproduction, publication, editing and translation, are reserved, Spryker Systems GmbH, Heidestraße 9-10, 10557 Berlin, Germany.