



INTERNATIONAL RETAIL Expansion 101

Expansion beyond one's own home market is a consideration for some brick and mortar retailers as they attempt to scale. It can work and it has worked for many, but learn what you need to know before proceeding.

WHY RETAILERS MIGHT CONSIDER INTERNATIONAL EXPANSION

Retailers might wish to enter global markets for a number of reasons:



A quest for greater economies of scale and scope



A need to diversify risks



A desire to attract new talent and create new opportunities for existing employees



A need to make up for constraints imposed by regulatory agencies when a retailer becomes too big for its home market



Growth!

6 MAIN FACTORS TO CONSIDER

Customer Needs



Do customers of the international market have the need for your goods and also do they have the income capability for the goods?

Customization & Localization



Different markets have different tastes to other markets. It's especially relevant in the food niche and a prime example would be how McDonalds customizes its menus around the world.

Mode of Entry



Consider a partner with a local partner who is familiar with "things on the ground".

Understand the Barriers to Entry



Consider the soft barriers of language and culture and the "hard" barriers such as infrastructure and how it will impact your business.

Legal/Regulatory Structure



Investigate things like labour laws and customs to understand possible entry costs.

Exchange Rate & Stability



Is the target country politically secure and possible currency fluctuations.

WARNING!

Performing well within your own market is not enough to guarantee success outside of it.

Don't treat new continents as one whole market for example, Europe should be treated as a number of individual markets as cultures can vary very.

Many retailers have tasted failure abroad:

Walmart

Walmart has succeeded in Canada & Mexico, but it had to pull out of Germany & South Korea.

Woolco succeeded in South Korea & Malaysia, but it failed to establish a presence in France or Taiwan.



METRO

Germany's Metro succeeded in Poland & Romania, but it failed in the UK & Denmark.

Carrefour has exited several markets in Europe—including Austria, the Czech Republic, Germany, Norway, Portugal, Slovenia & the UK—but it has broken through in others, such as Spain, Belgium, Greece, Italy, Romania, Poland, & Turkey.



GLOBALIZATION - GETTING IT RIGHT

Step 1



Keep a level of focus on your home market because that is your niche.

Step 2



Bring something new to the market to compete with the entrenched existing offering.

Step 3



Global synergies don't always work out. For example if a market prefers locally sourced goods, small players can easily outperform larger outfits.

Step 4



Timing of entering the market needs to be considered and depends on the business model. The retailer needs to be "ready" to challenge the new market.

GLOBALIZATION INSIGHTS

MANGO



JOSE GONZALEZ
VP
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(SOUTH & WEST)

CLOTHING RETAILER MANGO IS THE OPPORTUNE TO FOCUS ON DETAIL QUALITY AND NOT THE NUMBER OF COUNTRIES TO GET UP IN.

"Mango will always be a European company. It will always be our main market. We are really a truly global brand but I don't think it's about the number of countries any more. It's about getting deeper in the ones we are in."

SCOTTISH FISHING RETAILER MANGO BY THE BENEFITS OF CONNECTING WITH A LOCAL PARTNER:

"A competent and enthusiastic partner can make or break the success of a market. Businesses choosing to take an 'own run' route to market face different challenges, including getting up the local infrastructure and operation in more detail (and with more responsibility and direct cost) than is required with a franchise."

M&Co.



LEE BRADFORD
INTERNATIONAL PARTNER
M&Co. MANGO



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