



Mastering Market Entry

Key Factors for a Successful Expansion

Introduction by *Andrew Criezis*

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In today's fast-paced business landscape, one thing is certain—staying still is not an option for growing brands and companies. The key to long-term success lies in continuous growth, whether that's through product line expansion, tapping into new distribution channels, or exploring fresh markets. Standing still, especially in a competitive sector like FMCG, can mean losing momentum, market share, or even relevance.

In our latest survey, An Inside Look into SMBs, we asked small and medium-sized businesses (SMBs) about their plans for growth over the next 12 months. The findings are encouraging—nearly a quarter of respondents (22%) plan to expand into new markets. This is a bold and strategic step with several significant benefits:

Expanding into new markets offers increased revenue opportunities, diversification of risk by reducing reliance on a single market, enhanced brand visibility and recognition, and the ability to leverage economies of scale for more efficient operations and improved profit margins.

While market expansion offers many rewards, it should not be taken lightly. Strategic planning is essential, and market research data can play a pivotal role in guiding these decisions.

In this report, we showcase how to leverage FMCG market research data to plan your next steps effectively. From identifying market opportunities to mitigating risks, this resource will provide you with actionable insights to navigate your growth journey. We hope you find it useful as you explore new horizons for your business.

About the survey

An Inside Look into SMBs

NIQ's 'An Inside Look' was a global survey to a digital panel comprising of business owners from 47 markets representing approximately \$26 million* in FMCG sales value. It was designed to understand the realities faced by SMBs in today's economic and retail landscape.

The insights provided below is focused on the 22% of SMB respondents who noted their growth path is to expand into new markets.

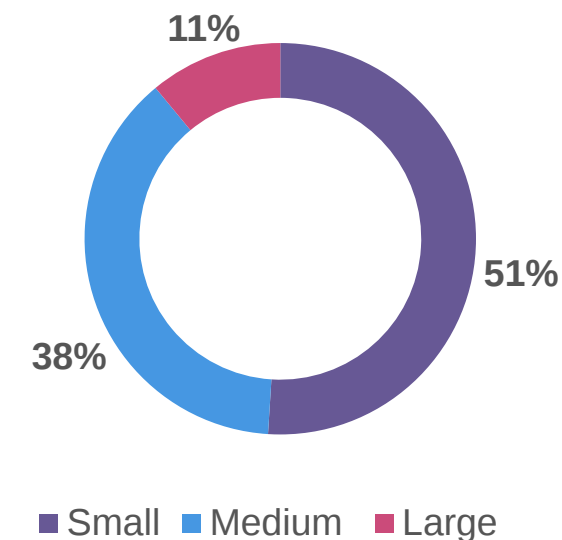
Fieldwork: March to May 2024.

Regions represented: Asia Pacific, Latin America, North America, Europe, Middle East & Africa and China.

**Based on NIQ RMS segmentation for small and medium businesses*

About the respondents

Business size breakdown



In this report:

Discover the ultimate guide for small and medium businesses seeking to successfully expand into new markets, covering essential strategies from market research to pricing, distribution, and consumer engagement.

The Market

- Market & Category Size
- Saturation & Competition
- Distribution Channels

The Consumer

- Pricing & Affordability
- Preferences & Purchase Decision Drivers
- Marketing Channels
- Innovation Considerations

The Regions

- North America
- Latin America
- Western Europe
- Eastern Europe
- Middle East & Africa
- Asia Pacific

The Marketplace



Market Size & Category Performance



Current Market Size: Understand the total available market for your product or service. This includes knowing the number of potential customers, total sales in the industry, and revenue generation.

When expanding into a new market, it's important to identify who your core customers are. This involves researching demographics, psychographics, and behavioral trends to understand the motivations and needs of potential buyers.

Why it's important: This helps you gauge the potential for growth and scale.

Growth Potential: Analyze whether the market is growing, stable, or shrinking. Look for trends that indicate future opportunities, such as increasing demand, technological advancements, or demographic shifts.

Why it's important: Entering a growing market offers more long-term opportunities and scalability.

Category Performance: The most important information you can gather about your category dynamics and understanding the market you operate in lies in the data relating to the value, volume, and item.

Why it's important: A firm understanding of category performance is the foundation of successful negotiations with retailers — it will help you get listed and increase shelf space.

Target Market Segmentation: Break down the overall market into segments that are most relevant to your product (e.g., by age, income, geography). Identify your core customers and their buying patterns.



Target segmentation allows businesses to develop personalized messaging and marketing strategies.

Segmentation also ensures that the product or service aligns with the needs and expectations of each group. By understanding the preferences of each segment, you can tweak product features, packaging, or pricing to match local market demands.

Why it's important: Understanding the segments helps focus marketing efforts and ensures the product fits the customer's needs.

Market Entry Barriers: Assess barriers like regulations, licensing, or infrastructure challenges that might limit your ability to enter or expand within the market. Some markets may have strict regulations related to product approvals, imports, or operational requirements.

Compliance with these regulations can be time-consuming and costly, especially for industries like food, pharmaceuticals, or technology.

In emerging markets, limited infrastructure can pose challenges to distribution and logistics. Poor road networks, lack of warehousing facilities, or inefficient supply chains can hinder product availability and increase operational costs.

Why it's important: Identifying and understanding market entry barriers upfront can help businesses mitigate risks, plan strategically, and allocate resources effectively to overcome these challenges. In highly regulated or infrastructure-limited markets, overcoming these barriers may require significant time and financial investment.

Market Saturation

(Competitive Landscape)



Level of Competition: Identify how many companies are offering similar products or services. Analyze their market share, pricing strategies, and customer loyalty.

Primarily understand the top 5 players in your category and what makes them stand out from the rest.

Next, as a small or medium-sized business, knowing the growth (or decline) of SMBs within the general market and category can help you assess the players within your company size. Globally, the appeal for products provided by smaller businesses is growing amongst consumers.

Why it's important: Highly saturated markets may require you to innovate or offer something different to stand out.

Customer Demand vs. Supply: Evaluate whether there is more demand than supply or if the market is already overcrowded with offerings like yours.

Why it's important: In saturated markets, differentiation is key to attract customers, otherwise, it may be hard to gain market share.

Room for Innovation: Look for gaps where competitors are not meeting customer needs or where new technologies can disrupt the current market. Consider whether there's an opportunity to offer a unique product or improved customer experience.

Why it's important: Disrupting a saturated market can create opportunities to capture new customers.

Distribution Channels



Evaluate Local Market Dynamics

Understand the landscape of the market you're entering. Identify the dominant distribution channels and their reach, such as traditional retail, e-commerce platforms, and local distributors. Conduct market research to assess consumer preferences for purchasing FMCG products.

Choose the Right Mix of Distribution Channels

FMCG startups must balance between various channels—online and offline. Explore key options:

- **Direct-to-Consumer (DTC):**

Launch an e-commerce platform for greater control over the brand and consumer experience. This channel is ideal for gathering data on consumer behavior.

- **Retail Partnerships:**

Establish relationships with local retailers, supermarkets, or convenience stores to tap into existing customer bases. This is vital for building brand presence in a physical retail space.

- **Third-Party Distributors:**

Consider using distributors or wholesalers to gain faster access to retail networks without investing heavily in logistics upfront.



Tailor to Consumer Preferences Across Channels

Adapt your product offerings, packaging, and promotions to meet consumer expectations across different channels. Ensure your pricing strategy is consistent, but flexible enough to allow promotions tailored to online or physical stores.

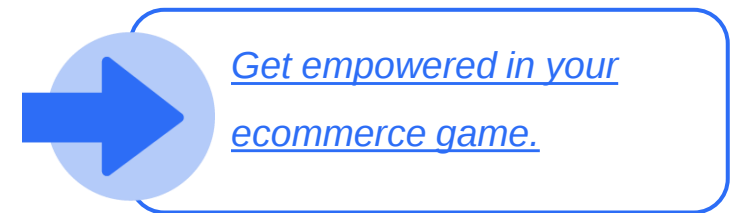
Leverage Data for Omnichannel Integration

Use data analytics to track performance across each channel. This can help you fine-tune your distribution strategy by understanding which channels are driving the most sales or where logistical improvements are needed. Analyze purchasing data to offer personalized marketing or products that fit consumer needs in specific regions.

Monitor and Adapt to Channel Performance

Continuously evaluate the performance of each distribution channel. As consumer behavior evolves, especially post-pandemic, shifts between in-store and online shopping can occur rapidly.

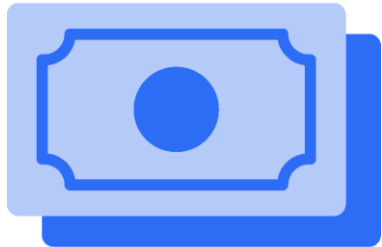
- **Channel Flexibility:** Be prepared to pivot between channels if one becomes more dominant (e.g., during holiday seasons or economic changes).
- **Omnichannel Experience:** Ensure that your channels complement each other, allowing consumers to interact seamlessly. For example, in-store pickup for online purchases can drive foot traffic to physical stores.



The Consumer



Pricing & Affordability



Market Analysis and Consumer Purchasing Power

- **Local Purchasing Power:** Assess the average income levels and economic conditions in the target market to determine what price point consumers can afford. Pricing should be aligned with local purchasing power to attract a broader audience.
- **Price Sensitivity and Elasticity:** Test the market's price sensitivity by experimenting with different price points. Gauge how responsive consumers are to changes in price and assess the potential impact on demand.
- **Perceived Value:** Determine how your target audience perceives the value of your product relative to local alternatives. Pricing should reflect the product's unique selling proposition (USP)

and align with consumer expectations of quality, innovation, or convenience.

Competitive Landscape and Positioning

- **Competitor Pricing:** Analyze the pricing strategies of local and international competitors. This will help identify whether the market is price-sensitive or more focused on premium offerings, allowing you to position your product effectively.
- **Promotions and Discounts:** Evaluate the effectiveness of local promotional strategies, such as discounts, loyalty programs, or bundling offers. Consumers in some markets may expect frequent deals, which can influence the initial acceptance of your product.



Cost and Operational Considerations

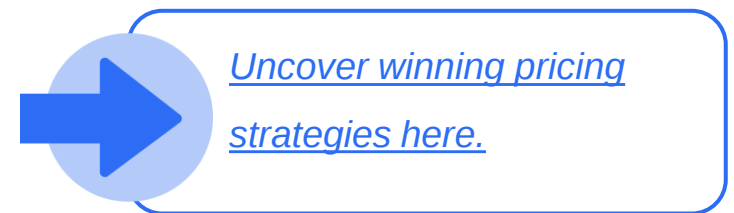
- **Cost Structure:** Understand the cost of doing business in the new market, including production, logistics, distribution, and taxes. Ensure your pricing covers these costs while maintaining profitability. Be mindful of any currency fluctuations that may affect pricing consistency.
- **Regulatory Environment:** Check for price control regulations, tariffs, or taxes that may affect pricing strategies in the new market. In some regions, governments impose regulations on pricing for certain goods, particularly in essential product categories.

Product Customization and Tiered Pricing

- Consider offering tiered pricing options or customized versions of your product that cater to different segments of the market. This can help you tap into various income groups and increase market penetration.

Long-Term Strategic Pricing

- Develop a long-term pricing strategy that accounts for market entry costs and eventual scaling. While introductory pricing or discounts may help you gain a foothold, ensure that you can gradually raise prices or adapt to market growth without losing customers.



Preferences & Purchase Decision Drivers



Consumer Behavior and Trends

- **Shopping habits:** Identify where and how consumers prefer to shop, whether it's online, in-store, or through hybrid models. Digital-first markets may favor e-commerce, while traditional markets may rely on physical retail.
- **Current trends:** Monitor emerging trends, such as sustainability, health consciousness, or premiumization, to align products with current consumer priorities.

Brand Trust and Loyalty

- **Brand familiarity:** In new markets, building trust is critical. Consumers often prefer familiar or locally trusted brands. If you're a new entrant, a strong brand story and credibility can drive purchase decisions.

- **Loyalty programs:** Understanding what drives brand loyalty in the market (e.g., rewards, discounts, or exclusivity) can help tailor retention strategies.

Value Proposition and Price Sensitivity

- **Perceived value:** Consumers may prioritize different aspects of value, such as quality, price, convenience, or brand reputation. A strong value proposition tailored to local consumer expectations can differentiate your product.
- **Affordability:** In price-sensitive markets, affordability can drive purchasing decisions. Ensure your pricing strategy matches consumer income levels and perceived product value.

Health, Safety, and Ethical Concerns

- **Health consciousness:** In some markets, consumers prioritize health benefits, especially in food, beverage, and personal care categories. Products with health or wellness claims may resonate more.
- **Sustainability and ethics:** Increasingly, consumers are driven by sustainability, ethical sourcing, and environmental concerns. Highlighting ethical practices can appeal to socially conscious consumers.

Convenience and Accessibility

- **Product availability:** Ensure your product is easy to find and purchase. Consumers prioritize convenience in product access, so understanding distribution channels and local retail dynamics is crucial.

- **Time-saving solutions:** Products that offer convenience, such as ready-to-eat meals or easy-to-use tech, can resonate with busy or urban consumers.

Emotional and Aspirational Drivers

- **Emotional connection:** Consumers often make purchasing decisions based on emotional connections to brands, such as aligning with their lifestyle, aspirations, or personal values. Brands that resonate emotionally can create long-lasting loyalty.
- **Aspirational appeal:** In some markets, consumers may be drawn to brands or products that symbolize status or success. Positioning your product as aspirational can help it appeal to specific segments.

Decision-Making Influencers

- **Family and community influence:** In some cultures, purchase decisions are influenced by family or community members. Products designed with family needs or local community values in mind can have a stronger impact.
- **Reviews and product comparison:** Tech-savvy consumers often rely on online reviews and comparison sites. Ensure that your product has visibility and positive feedback in the channels consumers use for research.

Marketing Channels

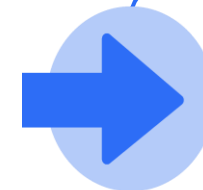


Consumer Engagement

- **Channel preferences:** Understand how consumers in the new market engage with different marketing channels. In some regions, traditional media like TV or radio may still dominate, while in others, digital platforms and social media may be the primary way to reach consumers.
- **Digital adoption:** Assess the level of internet and mobile penetration. In markets with high digital adoption, channels like social media, paid search, and email marketing may be the most effective, whereas in less digitized markets, direct marketing or print ads might be more appropriate.

Cultural Relevance

- **Content localization:** Ensure that messaging on various marketing channels resonates with local cultural values, norms, and language. Content should be tailored to reflect local customs, language nuances, and idiomatic expressions to connect with the audience.
- **Cultural influencers:** Identify local trends or cultural phenomena that could influence the choice of marketing channels, such as specific holidays, events, or values unique to the region.



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Social Media and Influencer Marketing

- **Platform popularity:** Identify the most popular social media platforms in the new market. For example, while Instagram and TikTok may be popular in many markets, certain regions might favor platforms like WeChat (China), or Line (Japan and Thailand).
- **Influencer collaborations:** Work with local influencers or micro-influencers who have established credibility and reach within your target audience. This helps build trust and authenticity for your brand in the new market.

Traditional Marketing Channels

- **TV, radio, and print ads:** In some markets, and amongst certain generations, traditional media may still be a powerful way to reach a broad audience, especially in regions with lower internet penetration or where

traditional media holds cultural importance.

- **Out-of-home (OOH) advertising:** Billboards, public transportation ads, and other outdoor advertising may be effective, particularly in urban areas where foot traffic is high.

Search Engine Optimization (SEO) and Paid Search

- **Localized SEO:** Optimize your website and content for local search engines. While Google dominates globally, other search engines like Baidu (China), or Naver (South Korea) may be more relevant in certain markets.
- **Paid search ads:** Test and refine paid search campaigns based on local language, culture, and purchasing habits. Make sure landing pages and ad copy are fully localized to enhance relevance and click-through rates.

Email Marketing

- **Consumer preferences:** Understand whether email marketing is an effective communication tool in the new market. In some regions, consumers might prefer SMS or messaging apps over email, while in others, email marketing is a strong channel for nurturing leads and converting sales.
- **Compliance with regulations:** Be aware of local regulations regarding email marketing, such as opt-in requirements and data privacy laws (e.g., GDPR in Europe).

Event Marketing and Trade Shows

- **Local industry events:** Participating in local trade shows, conferences, or events relevant to your industry can help build brand visibility and establish credibility; as well as provide .

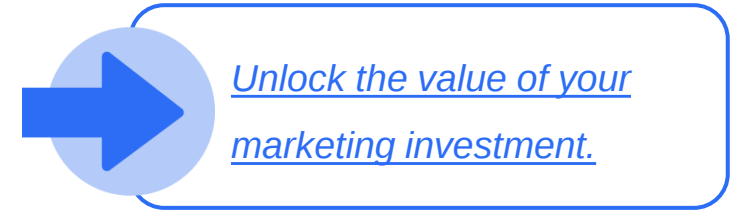
Events can also provide opportunities to network and engage directly with potential customers and partners.

Market Testing and Adaptability

- **Pilot campaigns:** Before committing fully to specific channels, run small-scale pilot campaigns to test their effectiveness in the new market. Use the results to fine-tune messaging, targeting, and channel mix.
- **Consumer feedback:** Collect and analyze consumer feedback from pilot campaigns and early interactions to understand what resonates and what doesn't. Leverage surveys, reviews, and social media engagement to refine your marketing approach.
- **Adaptability:** Be prepared to adjust your channel strategy as you gather more data and insights.

Budget Allocation and ROI

- **Channel efficiency:** Allocate budget across channels based on their effectiveness in reaching your target audience. Test various channels and measure key performance indicators (KPIs).
- **Multi-channel integration:** Ensure that your marketing channels work together seamlessly. An omnichannel approach—where online, offline, and in-store experiences are integrated—can enhance customer experience and drive higher conversion rates.



Innovation Considerations



Market-Specific Innovation

- **Custom Product Features:** Introduce product variations that cater to local needs or trends. Innovation may involve altering product design, functionality, or features to address specific challenges or desires of the local market (e.g., heat-resistant packaging in tropical regions).
- **Leverage Local Insights for Innovation:** Local market insights can inspire product innovation. Understand consumer pain points, gaps in the market, or unmet needs specific to the new region, and use this data to innovate your offering.

Consumer-Centric Innovation

- **Feedback-Driven Product Development:** Innovate based on direct consumer feedback. Use surveys, focus groups, and digital engagement to understand local pain points and desires, then iterate your product or service offerings to meet those needs.
- **Personalization:** Offer personalized products or services that cater to individual preferences, leveraging data and technology to deliver customized solutions. For instance, personalized skincare based on climate or skin type in different regions.

Speed to Market with New Ideas

- **Agility in Innovation:** Be prepared to rapidly test and implement innovative ideas tailored to local trends. Launching pilot projects or test versions of products can allow for fast adaptation and improvement.
- **Local R&D and Innovation Hubs:** Setting up local research and development (R&D) centers can help you innovate in real-time, developing products specifically for the local market's unique challenges and opportunities.

Balancing Localization and Innovation

- **Maintain Brand Consistency:** Strike a balance between adapting your product to fit the local market and maintaining a consistent brand and product identity.

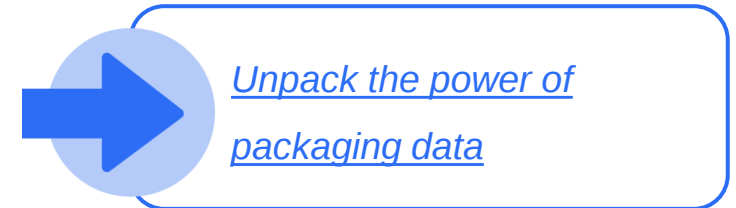
Too much localization can dilute your global brand, while too little can hinder local market acceptance.

Ongoing Market Monitoring

- **Stay Connected to Trends:** Continuously monitor local trends, competitors, and consumer behavior to spot new opportunities for innovation. Be agile in adopting or creating new solutions as the market evolves.
- **Educating Local Consumers:** If your product is innovative or unfamiliar in the new market, invest in consumer education through localized marketing and content strategies.
- **Technology and Digital Innovation:** In certain markets, innovation through technology can be a key differentiator. Leverage digital platforms, mobile technology, or AI to enhance the consumer experience.

Sustainable Practices

- **Sustainability and Ethical Innovation:** In many markets, sustainability and social responsibility are increasingly important. Innovating around sustainable materials, ethical sourcing, or local production can resonate with socially conscious consumers.
- **Circular Economy:** In some markets, consumers value products that fit within a circular economy model. Innovating with product reuse, recycling, or resale models can set your brand apart in sustainability-driven regions.



The Region

Western Europe



FMCG Market Dynamics

%Growth

MAT vs MAT YA

2.1% ▼

Regional FMCG %Value growth

0.6% ▲

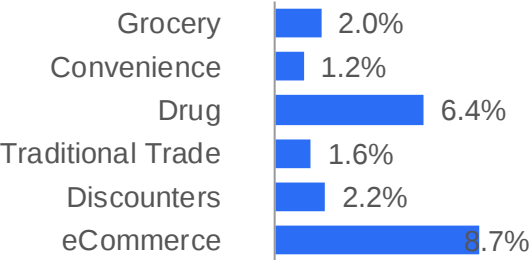
Regional FMCG %Volume growth

1.6% ▼

Regional FMCG %Price growth

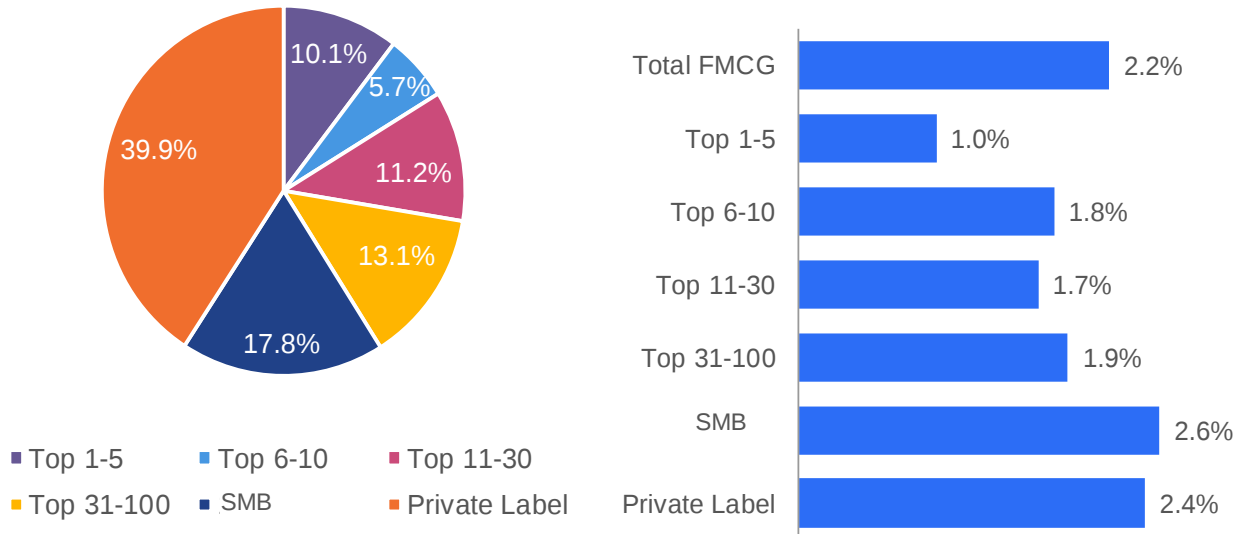
▲ ▼ Denotes growth faster or slower than MAT previous year

Channel Performance

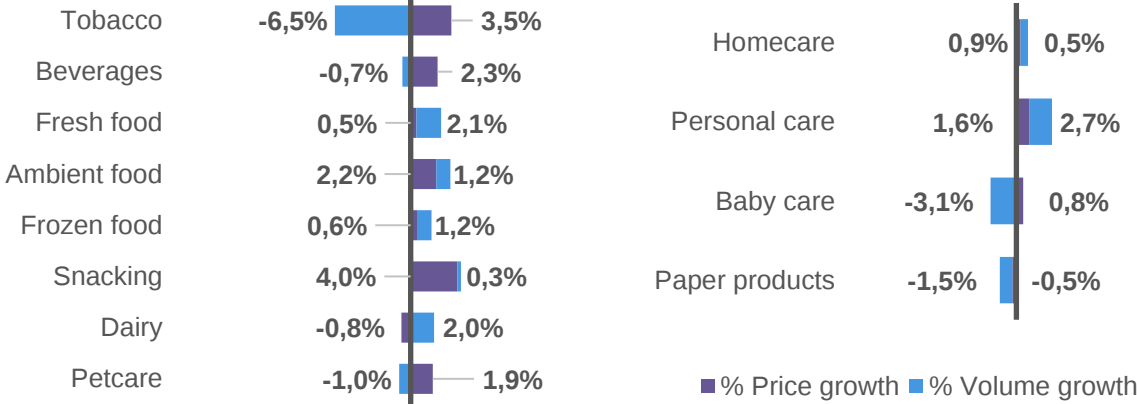


Manufacturer Value Performance

% contribution MAT and % growth MAT vs MAT YA



Industry Performance



Source: NielsenIQ RMS data up to Q4 2024



Achieving Long-Term Growth & Success

Unleash the power of data

A majority of SMBs (55%) acknowledge that data influences their decisions, with 99% attributing their success to the insights uncovered. While many small businesses still rely on instinct and experience, blending these with reliable market data can enhance decision-making and reduce risks. However, data analysis can be overwhelming without the right approach, which is why this guide offers a roadmap to help SMBs navigate the complexities of pricing, retailer engagement, and consumer behavior.

With accurate data, businesses can develop competitive pricing strategies, secure favorable retailer partnerships, and adapt to shifting consumer preferences through personalized marketing and e-commerce. By leveraging these insights, SMBs can strengthen resilience, adaptability, and customer focus, positioning themselves for long-term growth and success in a dynamic marketplace.



Contact our dedicated small and medium business team today for more insights to fuel your business success.

[Talk to our team](#)

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