How should startups enter new markets — 4 tips from a Ukrainian CEO

Startups must grow fast. For that, they must scale and enter new markets. And according to McKinsey & Company, for 61% of scale-ups, geographic expansion is indeed the top priority. But it's hard. The new market might be too expensive, too alien, or there's simply no demand.

Temps de lecture : minute

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My startup *Liki24.com*, which develops a medicine delivery service, has experienced success while scaling but also failed in Poland. Today it serves 1.7 million customers in Romania (*Liki24.ro*), Ukraine, and Italy (*Liki24.it*); in the near future, it plans to enter France, Spain, and Germany.

Here are my four tips on how to enter new markets.

Test demand in new markets

Many startups begin to expand internationally by aiming for neighbouring markets or culturally familiar countries. I once endorsed this view, but disagree with it now.

For instance, Ukrainian founders previously favoured Poland as an expansion due to its proximity and shared culture. When I expanded, Poland topped my list.

Liki24.com entered Poland in 2020 but left after two unsuccessful years. Despite initial promise from cultural and geographic similarities, the reality proved different. Acquiring Polish customers cost $15, five times more than in Ukraine; the demand was low.

In contrast, Romania exhibited robust service demand, leading to a tenfold revenue surge for the startup in 2022. Italy has seen monthly revenue double consistently since its entry in March 2023. What sets these launches apart? Unlike the Poland entry, I pre-tested these markets.

The startup created, promoted, and processed orders through a landing page. But when users placed orders, they were informed that it was a test. This strategy can reveal if there's a demand for the product and helps assess the cost of customer acquisition in a new market.

The complete cycle, from page setup to testing, spans around 3 months. Afterward, the startup decides whether to launch in the tested market.

The testing phase revealed that user acquisition expenses were only $1.92 in Italy and $3 in Romania. These findings gave Liki24.com the confidence to launch its services in these countries, and it worked out there.

Change country managers 3 times

When entering new markets, most founders are first hiring employees with local language skills. This is a common mistake — this approach often results in companies hiring less qualified personnel.

Liki24.com got it wrong itself. When entering Poland, I (as the CEO) was looking for a country manager who'd been to Poland and knew the language and the market. This employee, however, lacked the skills to make the business work; it was a costly mistake.

Apart from that, startups need to make sure they change their country managers three times in a new market. There are three different expansion stages and they require different personalities.

For the first year, scale-ups need a “hunter,” someone who’s driven by new challenges and is OK with uncertainty. The personal traits of this manager must help find partners, adapt to a new environment, test hypotheses, and build processes from scratch.

For the second year, startups should bring in a new country manager — a “farmer”. It’s a disciplined, collaborative, and relational-driven manager who can optimise initial processes.

The last type of country manager — who can now be hired long-term — is an “administrator.” It’s someone who can support the processes and make sure everything runs smoothly.

Don’t look for an all-in-one person for the country manager role. Once the manager fulfilled his responsibilities for a specific stage, let him go and hand things over to the new manager.

Adapt marketing strategy

Don’t expect to apply the same marketing approaches across all your markets — whether new or established. Take a deeper dive into the market and potential customer behaviours there; then, test new creative strategies to uncover what resonates in the new environment.

After conducting multiple tests, for instance, Liki24.com discovered that Romanians respond more favourably to discounts than Ukrainians do. Email marketing in Romania yields two to three times higher conversion rates for the startup.

“Fast delivery”, a seemingly universal phrase, means different things in different countries. While Ukrainian customers anticipate delivery within 24 hours, even a 3-day delivery qualifies as “fast” in the European Union.

This understanding guides the company in effectively marketing its services and attracting new international customers.

Fail and move on already

A 6 month period is enough to test if the new market meets the founder’s expectations and brings profit. If it doesn’t perform properly after half a year – leave the market and look elsewhere.

Just shut down and launch in another region, but don’t give up. If we had given up on international expansion after our unsuccessful launch in Poland, foreign markets wouldn’t have been generating 30% of our income right now.

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