7 Tips to Enter a New Market and Experience Rapid Growth

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According to HolonIQ, the global EdTech market is growing at 16.3% and will grow 2.5x from 2019 to 2025, reaching a total of $404B in global expenditure. On top of that, it is expected that more than 100 education companies will have market caps over $1B by 2025.

The data confirms that the EdTech market holds great potential, and one of the best ways to grow your company is by entering new markets and expanding your business presence.

During the last four months, the StudyFree team participated in two accelerators (Berkeley SkyDeck and Techstars NYC), managed to enter six new markets, and grew threefold.

Here are seven tips based on our experience on entering a new market and demonstrating impressive revenue traction in a short period of time.

1. Choosing the market

First, you should determine the market volume (how much of your target audience is based within the chosen market), look for any initial entry barriers that can prevent your business from developing to the fullest (for example, language, legal, or infrastructure barriers), and evaluate your competition within the chosen country (including how many companies offer a similar service, and how the market is developing).

Macrofactors like historical income growth, population trends in the younger demographics, penetration of the Internet, and changes in Google search requests within your segment can give you a clear picture of general trends and heightened market awareness.

In our case, we chose large countries where the EdTech market is growing rapidly (for example, the Indian EdTech market is estimated to grow from $2.5B to $10.4B in the next 5 years). We were also interested in several African countries (Nigeria, Kenya, and South Africa) because we saw a huge potential upside for growth in the region as well as relatively low competition in the current market. However, both India and African countries are known for low purchasing power. To validate the scalability of the business from a revenue standpoint, we chose Brazil, which is similar to our mature market (Russia) in terms of the size of the economy and average income level.

Key Advice: Understand your goals before entering the new market. What do you want to achieve? Are you only interested in generating revenue in this market, or do you want to engage in further fundraising in the market? If you aim to fundraise, analyze the market, and look for similar companies who have already entered the market and attracted investments. These companies can be a benchmark for you to prove the market's validity, validate your scalability, and confirm the fact that there's a demand for your product.

2. Understanding the market

The next step is to analyze the market from different perspectives (this took us around 2 months). During this stage, you should conduct customer development interviews to understand the key customers, their pains, problems, and potential solutions. This will help you understand how to change your product's narrative and finetune your value

proposition and key triggers accordingly. These in-depth interviews should give you a more nuanced understanding of the market from the customer’s perspective.

We also recommend communicating with local companies, as well as companies who have successfully expanded to this market (the ideal benchmark is a company with the same business model and price level), to learn about potential pitfalls and bottleneck problems from the corporate perspective (infrastructure issues, paying systems, etc.).

In our case, we conducted more than 100 interviews with potential customers in each country and more than 20 interviews with the relevant companies.

3. Testing the market

After analyzing the market and absorbing enough introduction data, you can then move to the next stage: testing. We choose one instrument that we are confident about and start testing the same funnel in multiple countries. Changing multiple factors at the same time is not recommended because you won’t be able to validate outcomes or the direct impact of changing the country.

Make sure you have all analytics installed, collect the data, analyze metrics, and iterate as much and as fast as possible. On average, we run 47 tests per country per month.

Related: The Importance of Market Testing

4. Adaptation and localization

We recommend starting by “localizing” the content and specific instruments you use: Find local copywriters and local designers during the adaptation stage. Use the platforms that are the most familiar to the end-user and track the difference.

Even though we made an informed decision not to localize the product and the funnel in terms of translation, we did work on expressing our values, offers, and messages on the landing page and in the newsletter, based on the comments we received during our customer development interviews. We then hired local copywriters who helped adapt the message and make it 100% natural for the audience. By doing this, we made sure that the product was still the same but that the tone of voice was optimized for the market.

5. Data-driven paid digital marketing

If you use paid marketing, you should collect as many relevant data points as possible: who your target audience is, what their preferences are, the communication channels they use, and the sites they visit. Then start running your campaigns and optimizing every stage of the sales funnel, going from top to the bottom of the funnel.

Regarding specific channels, we recommend using Facebook first (for D2C businesses) because its algorithms are much more advanced, and CPA is lower on average, compared to Google Ads. During every stage of the funnel, we collect engagements through pixels, registrations, conversions, etc. Once we have enough engagements at each stage (ideally from 500-1000n), we proceed to optimize every step. After reaching over 1,000 people, we then upload the data set to Facebook and Instagram and try to find similar people to optimize their process. (It generally takes 2-4 weeks to get the most qualified audience). As a result, we end up with people interested in our product — people who can go down the funnel and be willing to make the payments. Progression from the previous step to the next one goes faster with each iteration and allows not only work on increasing sales but also decreasing the cost of acquisition.

Be aware that, at this point, you have to be ready to lose

money for a few months since you'll be testing your hypothesis and collecting data points about your audience. Think about it this way: if you do not pay for a lead right away, you are paying for information that will help you to bring more leads.

In our case, the optimization was three times faster. When we eventually got enough data points, our CAC dropped three times in one week.

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6. Brand awareness and trust points

Never underestimate the importance of brand awareness and the creation of trust points as they are key to fit in the market.

When you enter a new market, no one knows about you, your product, or its concept. That's why you need to use enough channels to raise brand awareness. This can be done in multiple ways, including local partnerships, influencers, PR, local ambassadors, and feedback on your website. This is crucial because the people you are trying to reach need to see you in multiple ways – the ideal way being when someone else recommends you to them. Another great way is to encourage people to provide honest and sincere feedback on your product.

In our case, we could see the direct correlation between the brand awareness we built and the outreach. Even the most minimum brand awareness strategy can trigger sales, so it is essential to maintain good communication with your customers and continue the adaptation while using local services.

Related: Are You Ready For The New Changing Brand-Awareness Environment?

7. Potential growth

Getting those initial sales is great. However, you have to keep in mind the speed at which you can grow in this market. You might triple your budget, but you could also find yourself stuck at any given point if the market is not ready.

When you’re in the growth stage, you should prioritize the factors that will help you grow at the necessary speed. You should select 1 country, 1 channel, and 1 funnel, and double the budget to see how it goes. Don’t expect direct sales right away since the adaptation period can take time, and keep in mind that if you hit the ceiling at an early stage, you might not grow. Don’t try to understand the market passively since you will never get significant traction right away.

By following these guidelines, we have been able to expand to 6 different markets and become cash positive quite early; and even at this point, we are still running more than 47 tests in each country per month. If you ask me what the winning formula is, I will have to say openness and flexibility, a growth hacking mindset, and last but not least, sufficient data. These are the keys to enter new markets and build a truly global product.

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