



Top Industries to Expand Globally: Is Global Expansion for You?

For many companies, a day comes when executives begin to ask, “Should we expand internationally?”

This may seem like the natural next step following domestic success, or for startups that want to get a foothold in a variety of markets from the get-go, but how do you know which industries to consider for global expansion – those with a higher likelihood of success?

Whatever your reasons for considering global expansion, this is a decision you should make only after careful consideration and research.

We’re going to look at some industries that are well-suited to global expansions and discuss some factors to consider if you’re not sure whether going international is the right move for your company.

Top Industries for International Expansion

Some of the best industries to expand globally include:



Technology



Retail



Automotive



Pharmaceutical



Energy



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Top Industries to Consider for Global Expansion

Some of the best industries to expand globally include:

1. Technology

The technology industry is all about innovation, so it's no wonder that tech companies are often keen on [finding the most cutting-edge talent](#) to join their team, regardless of where those people are located. One reason technology companies are often well-positioned to expand globally is because they are no stranger to hiring remote employees. This hiring strategy is excellent for expanding into a new country, as it doesn't require you to establish a physical branch or subsidiary.

Tech companies can also benefit from expanding into new markets where consumers have enough disposable income to purchase their latest devices. B2B tech businesses can take advantage of emerging markets in need of technological advancement. For example, a medtech company could tap into a community of relatively low-tech hospitals that are ready to upgrade.

2. Retail

When it comes to retail, expanding globally goes hand in hand with reaching new markets. Reach is especially important for ecommerce companies, which often involves adding warehouses and arranging for logistics in more widespread areas. For some retail businesses, entering new markets looks like building more brick-and-mortar stores, which can also be an effective means to increase your customer base.

Today, even grocery retailers — traditionally a more localized industry — are going global. If there is a market for what you sell in another country, then expanding there may be a smart move.

3. Automotive

The automotive industry has always seen success at an international level, where consumers are by no means limited to vehicles produced in their own countries. For example, over the past 38 years, almost every major European, Korean, and Japanese automaker [has invested in the United States and produced vehicles](#) in the U.S.

Beyond just selling on a global scale, some automotive companies may want to open manufacturing facilities or centers for research and development in new countries. Doing so could be more cost-effective and provide access to new talent pools to join your company and give you a more competitive edge.

4. Pharmaceutical

The pharmaceutical industry has many opportunities to enter emerging markets in the developing world. Factors like an aging global population and improved access to healthcare have increased the demand for pharmaceutical companies and other businesses in the health sector across the world to provide medication, medical equipment, and supplies.

Of course, pharmaceutical companies face some challenges when it comes to global expansion — namely, differing regulations from country to country and the fact that many clients are government or government-sponsored organizations. Despite these challenges, pharmaceutical companies have found success in going global due to the high demand for their products.

5. Energy

The ongoing need for energy across the world and the global push for renewable energy creates many opportunities for companies in this industry looking to expand globally. Developing countries are especially ripe with opportunities. [Six out of the world's top 10](#) utility companies already operate in multiple countries.

As with the medical industry, energy is heavily regulated by government bodies, and there isn't always room for competition in some countries, which can make expanding globally a bit complicated. However, the payoff can be well worth it. Expanding into new countries can provide access to new resources and open up new consumer markets.

Other Industries to Consider for Global Expansion

The industries above aren't the only ones that offer expansion benefits. Some other major industries to consider include:

- Telecommunications
- Finance
- Insurance
- Manufacturing
- Travel
- Hospitality
- Media
- Real estate
- Construction

The reality is that global expansion can make sense for a business in nearly any industry. Whether it's a smart move for you depends more on your particular goals and the challenges you're prepared to face.

What Questions to Consider Before Making the Move

A thorough understanding of the pros and cons of the expansion process in your unique situation requires more than a gut feeling or a quick glance at what your competitors are doing. You should conduct a thorough cost-benefit analysis to determine whether expanding to a new country makes sense for your business.

Here are a few questions to ask before your company expands to a new country:

- What are the market opportunities in this country? If you're interested in expanding to a new market, you should do your market research to find out your potential for success. [Harvard Business Review shared the cautionary tale](#) of a UK-based tile manufacturer that expanded into international markets with high hopes, but found that there was very little demand for their concrete roof tiles in other markets.
- What are the government regulations and taxes like in the new country? Some economies are more business-friendly than others. Find out where a country falls on the [ease of doing business index](#) and whether the tax laws are favorable. Sometimes, it makes sense to expand to a country even if establishing a business presence there is an expensive and complicated endeavor, but only if you are confident of the rewards.
- Who will staff our new office? Think through whether you have people in your company with the necessary qualifications and a willingness to relocate to run your new office. Or, if you're planning to recruit local talent in the new country, do some research to find out what the local labor force is like and how to find qualified professionals in the country who can help you succeed.
- Will a global expansion distract us from our domestic operations? Depending on what stage of development your company is in and what challenges you're currently facing in your home country, it's important to confirm that this is the right time to take on a global expansion. To be successful, you should be prepared to give the process the time and focus needed, and this would be problematic if your domestic operations required all of your attention.
- Are you financially prepared for international expansion? As with any business move, you need to consider the financial implications. There are some significant costs involved in opening a business in a different country. The pros may far outweigh these costs, but before you start reaping the rewards of your expansion, does your company's financial situation allow you to fund this endeavor?



Reasons to Expand Globally

There are some valuable benefits that result from a successful global expansion. Consider the advantages of expanding your company internationally:

- **Growth opportunities:** If your company has already found as much success as it can in your domestic market, expanding into new countries can open up opportunities for you to grow your business. This is especially true for companies located in less populated countries that limit the scope of their reach.
- **Greater brand recognition:** If you're trying to gain more brand recognition, expanding globally is an effective way to get your name out there. Even if you're starting out small in a new country, establishing a presence there can help your company gain exposure in the local market, which may eventually help you become a more globally recognized business.
- **Diversification:** Doing business in multiple countries is a smart way to diversify your business. If one country's economy struggles or you encounter localized problems there, you can rely on revenue streams from countries that are doing well to help your business get through these difficult times.
- **Entrance into new markets:** Entering new countries means entering new markets, and

in some cases, these markets offer advantages you may not have in your home country. For instance, you may be able to rise quickly to a position of prominence in an emerging market where there is less competition. Additionally, expanding into new markets gives you access to a broader customer base. As long as there is plenty of demand for your product or services, you can expect a global expansion to help you grow your business and increase your profits as new people become loyal customers.

- Access to raw materials or utilities: In some cases, companies choose to expand into new countries to gain access to raw materials or utilities that aren't available — or affordable — in their home country. This is particularly true for manufacturing companies.
- Business-friendly environments: Some companies choose to move their operations entirely or maintain their home base, but shift their focus to a new country because of the business-friendly regulations there. Maybe the tax rates are lower or there is less red tape, which can help your company thrive in ways you can't in your home country.
- Access to foreign talent pools: Another upside to global expansion is that it can give you access to new talent. You can find researchers, executives, and other professionals who are outstanding in their field and ready to join your team. Even if you transfer some of your current staff to your new location, you should still consider looking for local talent to join your team. Employees with diverse backgrounds can bring fresh insights to your company.
- Cost savings: You may take advantage of more affordable property values or a more economical labor force to lower your costs and widen your margins. Or, your savings may allow you to lower costs for your customers.



Why You Should Consider Partnering With a Global PEO

Working with a [professional employment organization \(PEO\)](#), also known as an [Employer of Record \(EOR\)](#), can remove some of the challenges that keep companies from expanding globally. Have the experts navigate the logistical hurdles of setting up an entity in a new country and abiding by the local employment and tax laws.

An EOR like Globalization Partners handles legal compliance and payroll so you don't have to. This also means you can expand into a country more rapidly since you don't have to wait until you are legally established there before you can start hiring employees. Working with an EOR allows you to test out your new market without having to legally register your company with the local government.