

# Going Digital, Going Global

How Digital Tools Bring  
Europe to the World

Special Report - July 2022 EU

This report takes a look at how small business owners are making their business less small every day.



GENERAL STORE



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# Digital Trade: Bringing Europe to the world

Small and medium-sized enterprises (SMEs) represent 99% of all businesses in the EU. From Germany's thriving *Mittelstand* to entrepreneurial start-ups in the continent's tech hubs, SME's are the lifeblood of the European economy.

Exporting used to be the preserve of big global companies, requiring large capital reserves and overseas offices to untangle a mass of red tape. That has changed. Digital tools give Europe's SMEs what they need to boost their sales across the Single Market and globally.

Today, over **600,000 European SMEs** **sells across borders**. Small businesses use digital tools to find new customers, easily interact and sell in different languages and across markets, creating more jobs in Europe. In fact, **30 million jobs in the EU depend on trade<sup>1</sup>** making Europe an **export powerhouse**. New digital tools support this growth, especially during economic challenges.

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<sup>1</sup> European Commission, "EU Exports to the world", 2018

<sup>2</sup> <https://www.oecd-ilibrary.org/docserver/50193089-en.pdf?expires=1652175579&id=id&accname=guest&-checksum=842E51597AFC3B5EF99C58023146EBB9>

<sup>3</sup> [http://www.amchameu.eu/sites/default/files/publications/files/transatlanticeconomy2021\\_fullreporthr.pdf](http://www.amchameu.eu/sites/default/files/publications/files/transatlanticeconomy2021_fullreporthr.pdf)

Data gathered by the OECD and the World Bank show that between 25% and 62% of SMEs across OECD countries increased the digitalisation of their business processes in 2020<sup>2</sup>. A Transatlantic Economy Report found that over half of EU exports to non-EU countries came from digitally-enabled services<sup>3</sup>.

# Yet the untapped potential for Europe's SMEs remains significant.

- Despite making up the majority of the EU economy, in many economic sectors, SMEs only account for around half of exports<sup>4</sup>.
- Most of SME export within the EU Single Market, amounting to 25% of their revenue. Enabling more SMEs to export to and beyond the Single Market has a huge potential.
- European products have a strong global reputation. Luxury brands, expert craftsmanship, precision engineering and world-leading safety standards have created a strong 'Made in Europe' brand that SMEs represent like no other business.
- Digitalisation and e-commerce are surging across Europe, but adoption varies across regions<sup>5</sup>. SMEs that can serve their customers online across borders are best placed to take advantage of this new reality.
- However the lack of skills regulatory complexity and trade barriers hold back SMEs that want to 'go global'.

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<sup>4</sup> [https://trade.ec.europa.eu/doclib/docs/2020/june/tradoc\\_158778.pdf](https://trade.ec.europa.eu/doclib/docs/2020/june/tradoc_158778.pdf)

<sup>5</sup> <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-conflicted-continent-ten-charts-show-how-covid-19-is-affecting-consumers-in-europe>

# Finding Markets, Reaching New Customers

Digital tools have been a lifeline during the pandemic, with 50% of small businesses saying that digital advertising is now more important than ever.

Reaching new customers globally and deploying sophisticated technology as a small business was once costly and complex. Today, digital tools provide European companies of every size a powerful springboard to help them start – and grow – their export business.

Digital marketing has been a lifeline during the pandemic with **50% of small businesses** saying that digital advertising is now more than ever important to their business.



### Google Cloud

Cloud computing gives small companies “big company” computing power, enabling them to run applications and databases on demand without making expensive hardware investments. SMEs find cloud services highly useful in being able to compete at a bigger scale and export. Benefits include effective use of IT (42%), cost savings (38%), and having modern and reliable processes in place (28%)<sup>7</sup>. For these reasons, some 36% of EU businesses used cloud services in 2020<sup>8</sup>.



### Google Ads

Google Ads are an effective way for European SMEs to reach new customers abroad. Within the EU-27, 15% of digital advertising in 2020 was directed at consumers in other EU-27 countries<sup>8</sup>. Digital marketing has been a lifeline during the pandemic, with 50% of small businesses saying that digital advertising is now more important than ever to them<sup>9</sup>.



### Google Play

Google Play offers entrepreneurial Android app developers a distribution platform, the Play Store, to reach a global audience and build successful businesses. European app developers reach millions of customers on Android device and include global champions such as Angry Birds and Candy Crush Saga, ride-sharing app BlaBlaCar, and music platforms Spotify and Deezer. In 2019, 116 billion apps and games were downloaded via Google Play. Europe’s app economy makes up for nearly a third of revenues in the global market<sup>10</sup>.



### YouTube

Over 50% of watch time for YouTube channels based in the EU come from outside the bloc, helping European creators, musicians, artists, and EU SMEs reach audiences far beyond Europe’s borders. 69% of creative entrepreneurs agreed that YouTube helps them export their content to international audiences they wouldn’t otherwise have access to.



### Google Translate

European SMEs can break down language barriers with Google Translate. Within Europe, 56% of people would not use websites in a non-native language<sup>11</sup>. Google Translate supports more than 100 languages, and can directly translate whole web pages, enabling customer support across regions.

<sup>6</sup> <https://www.cloudwatchhub.eu/cloudwatch-taking-smes-cloud-european-cloudscout>

<sup>7</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Cloud\\_computing\\_-\\_statistics\\_on\\_the\\_use\\_by\\_enterprises](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Cloud_computing_-_statistics_on_the_use_by_enterprises)

<sup>8</sup> <https://iabeurope.eu/wp-content/uploads/2021/09/The-Wider-Socio-Economic-and-Cultural-Value-of-Targeted-Advertising-in-Europe-Sept-2021.pdf>

<sup>9</sup> <https://iabeurope.eu/noeasywins/>

<sup>10</sup> [https://www.europarl.europa.eu/thinktank/en/document/EPRS\\_BRI\(2018\)621894#:~:text=The%20European%20app%20economy%20is,innovation%20in%20the%20digital%20economy.](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2018)621894#:~:text=The%20European%20app%20economy%20is,innovation%20in%20the%20digital%20economy.)

<sup>11</sup> <http://www.commonseadvisory.com/AbstractView/tabid/74/ArticleID/8057/Title/CantReadWontBuy/Default.aspx>



# Market Finder: Crossing Borders, Creating Customers

European SMEs often tend to focus on their own countries and the EU Single Market, leaving untapped potential for international growth. Many fear that exporting can be costly and burdensome: think market research, advertising strategies, processing sales and fulfilment, plus navigating complex rules.

In fact one in two companies see export processes as challenging. For new businesses, or those who have never ventured abroad, taking the first step to exporting can be even more daunting<sup>12</sup>. At the same time, electronic commerce is steadily increasing and 71% of shoppers already buy internationally<sup>13</sup>.

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<sup>12</sup> Export Research by Practicology 2020, n=1201, companies with 16-250 employees in UK, DE, IT, ES, NL, TR, IL, RU

<sup>13</sup> <https://ecommercenews.eu/71-european-e-shoppers-buy-cross-border/>

Instead of ‘venturing ‘out in the dark’ digital tools can help smoothen the process of making the first step. **Some 60% of exporters say that acquiring market insights is a priority.**

Google Market Finder provides SMEs with detailed insights into trends and markets, helping them with operations to sell abroad and explore the right marketing tools. Before plunging into the adventure, SMEs can assess their export readiness score on Market Finder <https://marketfinder.thinkwithgoogle.com/>.

Together with other resources, such as the European Commission’s platform Access2Markets, Market Finder gives them the knowledge they need to unlock global growth.

# Small Businesses Going Digital, Going Global

During the pandemic, an online presence was essential for SMEs to connect with customers. A rapid shift to new business models, innovative services and remote working all helped SMEs survive – and will be vital in helping them recover.

However, research has found that 22% of small business owners feel they lack the skills and knowledge to increase their use

of digital tools. Google is working to change that: since 2015, over 19 million people across Europe, the Middle East and Africa have participated in our Grow with Google training programme. Many of them went on to get a new job, advance their career or grow their business<sup>14</sup>. For many SMEs, that meant going beyond their borders.

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<sup>14</sup> Analysis by Google based on internal data and a survey by Ipsos from Sep 2016 to Sep 2021 amongst EMEA residents trained via Digital Workshop.

# Sonarworks

Latvia

Six months into their new strategy, Sonarworks generated 5.5X more monthly users and increased revenue by 80%.

Google

When you work in a niche industry, you have to be creative to find new customers. That's exactly what the Latvian audio technology company Sonarworks did when marketing SoundID Reference software.

*Created for audio engineers, producers and sound designers, this technology provides the ultimate listening experience by ensuring consistent sound between speakers and headphones.*

*Sonarworks partnered with digital performance agency iProspect Lithuania to test out a new strategy and reach potential customers worldwide. Using Google Analytics historical data, they identified 20 key regions in particular, US, UK, Canada, Australia, France and Germany. Using Google Ads, automated Smart Bidding, and researching keywords, they developed a strategy to reach new customers. Six months into their new strategy, Sonarworks generated 5.5X more monthly users and increased revenue by 80%.*

*The music produced using their software sounds great for listeners, and the results from Google Ads sound fantastic for Sonarworks.*

[thinkwithgoogle.com/intl/en-CEE/marketing-strategies/automation/how-an-audio-tech-innovator-used-automation-for-a-pitch-perfect-global-expansion/](https://thinkwithgoogle.com/intl/en-CEE/marketing-strategies/automation/how-an-audio-tech-innovator-used-automation-for-a-pitch-perfect-global-expansion/)

# Ghali

Italy

Ghali's music is popular across borders, especially in the Middle East and North Africa; in addition to Italy, his videos get high viewing figures in Tunisia and Algeria.

Italian rapper Ghali tops charts, wins awards, and works with global superstars such as Stormzy, Ed Sheeran, Noizy, Soprano and Lacrim; YouTube helped him take his sounds from the streets of Milan to the world. Getting his videos online gave Ghali, who is of Tunisian heritage, the opportunity to bring a new mix of North African influences and rap directly to listeners, changing Italy's musical landscape.

*After a decade online, with 2.5 million subscribers and almost a billion views, Ghali has worked on major projects such as 'Cara Italia,' a song with a strong anti-racist message which was used by Vodafone in an advertising campaign. His music is popular across borders, especially in the Middle East and North Africa; in addition to Italy, his videos get high viewing figures in Tunisia and Algeria.*

[youtube.com/c/TroupeChannelGhali](https://youtube.com/c/TroupeChannelGhali)

# Stravers Shoes

Netherlands

“70% of our total revenue is generated from online sales and 30% from the physical store in Overtoom,” says Yvonne.

Google

For decades, Dutch brand Stravers Shoes has offered luxury shoes, for men and women, in an extended range of sizes. When it came to getting online, they put their best foot forward with Google Digital Workshops. On top of their physical store in Overtoom - one of Amsterdam's most famous shopping streets - they now have two online shops: one for Benelux, and one for international customers.

*Founder Yvonne Stravers used Google Digital Workshop webinars to learn how to take her first steps online. With Google Analytics, she gained insights into which channels visitors were using to reach the site. As a result, her entire online strategy has been restructured and now suits customers as well as the stylish boots they buy from her.*

*In addition, the online business has led customers worldwide to The Netherlands. “70% of our total revenue is generated from online sales and 30% from the physical store in Overtoom,” says Yvonne. The tips she got from her Google Digital Workshop coach enabled her to completely transform the international website, leading to a 40% increase in revenue for her global business That's great footfall for fine footwear.*

[grow.google/intl/europe/story/straver-shoes](https://grow.google/intl/europe/story/straver-shoes)

# Next Steps for Exports: How Policymakers can Support SME Growth

Europe's SMEs are using digital tools to find new customers and grow their business through exports. But many hurdles and barriers remain. To overcome barriers, policymakers and the private sector can play a key role enabling more EU companies to become global players.

## Identify and Remove Barriers

With online commerce and trade constantly growing, it's important to work out what is holding SMEs back. Small businesses are especially vulnerable to complex, vague or costly laws and protectionist effects of rules. To help avoid such impacts, governments and policy makers can consider the following:

- Assess trade barriers from the perspective of SMEs, with a focus on digital trade.
- Address obstacles and red tape to allow SMEs to reach new markets.

## Integration of Digital Technologies

Digital technologies enable businesses to gain competitive advantage, improve their services and products and expand their markets<sup>15</sup>. Policymakers should continue to promote and enable digital transformation of SMEs.

- Understand gaps and opportunities in the use of digital technologies;
- Identify ways for SMEs to gain better access to digital tools and support new technologies that engender trust.

## Skills Mean Growth

Governments and stakeholders should enable SMEs to acquire and advance digital skills. This will make the workforce more competitive and develop export capabilities.

- Governments should promote the benefits of how SMEs can grow by using digital tools to export.
- Investing in ICT training tailored to SMEs needs, such as core IT skills and specific business tools, will encourage them to explore new markets.

## A Role for Europe

The EU can help by listening to SMEs and their representatives and addressing their challenges and trade barriers proactively. Effective legislation and regulation can avoid complex and potentially costly outcomes. One level up, trade agreements can promote good concepts globally. EU policymakers should:

- Advocate for digital-first mindset in legislation and trade agreements.
- Encourage more global dialogue on principles, standards and concepts to avoid barriers to digital trade.
- Assess legislation based on its effect on trade; avoid outcomes that could become a barrier to trade.

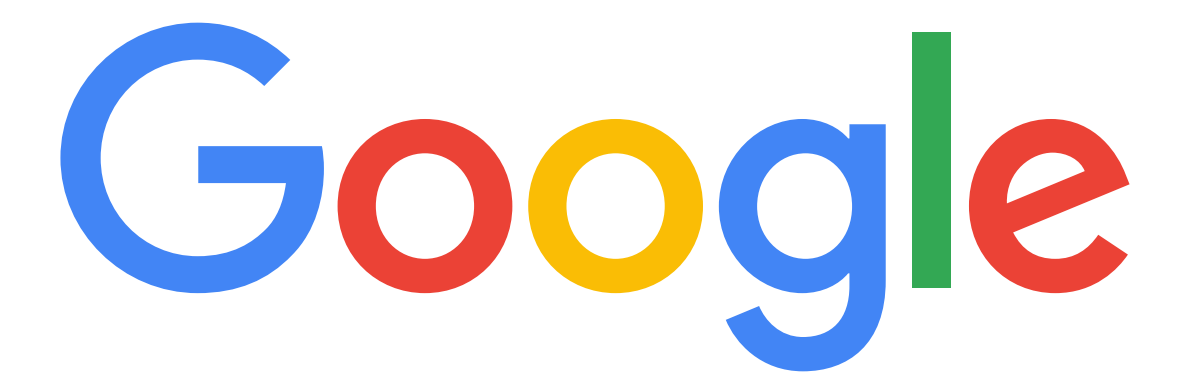
## Export is for Everyone

Underserved communities often face additional barriers to starting and running a business or entering new markets. Governments and the private sector can help by better understanding these challenges and proactively addressing them.

- Create opportunities for underserved SMEs and their representatives to share their needs, experience, strategies and best practices with policymakers.
- Improve accessibility of resources, training and tools for underserved communities.

<sup>15</sup> <https://www.oinet.eu/componnt/edocman/desi-2021-thematic-chapters-full-european-analysis?Itemid=0>





[grow.google/intl/europe/EUtradebrochure](https://grow.google/intl/europe/EUtradebrochure)

# Transatlantic Leadership

EU and US leaders have both emphasised the need for a predictable regulatory environment and support on the local and international level to improve SME export competitiveness<sup>16</sup>. The EU-US Trade & Technology Council (TTC) is well placed to resolve these issues. To create opportunities and support the growth of small businesses and workers, it should commit to:

<sup>16</sup> A new strategy for European SMEs: European Parliament resolution of 16 December 2020 on a new strategy for European SMEs (2020/2131(INI))

## Understand Impediments for SMEs

- Identify gaps that currently prevent US and EU small businesses from accessing and using digital tools and exporting technologies.
- Assess the digital trade readiness of small businesses, in particular those outside of economic hubs and among women-owned, minority-owned, rural, and micro businesses.
- Achieve this through joint or parallel studies by the US International Trade Commission and the European Commission.

## Enable More Transatlantic Small Business Trade

- Develop and share best practices on training small businesses and workers to ensure that they can effectively use technologies to grow and export.
- Update and tailor current export promotion efforts to include outreach and training for small businesses on digital tools and technologies.

## Set Tangible Goals to Increase Transatlantic SME Trade

- Launch public-private partnerships to address areas where digital tools and exporting technologies exist but usage or awareness is low.
- Assist small businesses in using digital tools and exporting technologies by promoting a curriculum of “digital essentials.”
- Set specific goals and metrics for training small businesses on digital tools and increasing the number of small business exporters, including an ambitious commitment to increase the number of small business exporters in the US and EU (e.g., double the number within 5 years).

## Dialogue around Common Principles

- Ensure that small businesses have a clear voice in the development, launch, and implementation of the TTC and its activities.
- Work towards common principles and interoperable frameworks on digital trade and digital regulations to avoid discrimination and ensure that US and EU small businesses can use digital tools and exporting technologies on both sides of the Atlantic.