

# • HOW DO YOU GROW?

## A tool for growing your company & products

By Carla Gail Tibbo

To succeed in today's market, we all have to innovate and grow. Sitting comfortably where we are and continuing to offer the same products to the same consumers in the same way simply doesn't work. If we don't change - well, we do change - even if we don't make any effort at all. That's because the market around us changes, and this transforms our business and alters our competitive position. It's better to be agents of change than slaves to it. Part of being that agent is analyzing your product and market growth possibilities and ensuring that you're on the right track.

**MP** If you aren't a risk taker, and your existing market has lots of potential to grow sales with your current products, focus for a while - a year max? - on penetrating your market. Think new marketing activities, fresh promotions, pricing changes, and more sales by your current customer segment. But don't stay there. Keep looking at performance and possibilities. Before the market is saturated, start looking at the other growth strategies.

**MD** When you examine your market carefully, look at other markets where your existing product(s) can also get traction. Consider expanding to other geographic areas (locally, nationally, internationally) or selling into other channels (online, stores, distributors). Another idea - create a sub-brand and sell at a different price to a new target market. Repackaging (smaller sizes? more convenient container for on-the-go consumers?) could also open up new markets. It doesn't need to be a revolutionary change.

**PD** Do you have you a plan to develop new products that your existing customer segments would buy? What variants could you create? Are there related products you could consider? Product development should always be on your agenda, even if it's not today's priority. And it's crucial to make sure that new products don't cannibalize existing ones - unless, of course, your plan is to phase out an older product and replace it with newer ones. Product development can be colour changes, new flavours, new sizes, different packaging - it doesn't have to be a dramatic change.

**D** Diversification is the final strategy. When you have a new product for a new market, it's almost like a new business. So, if you are up for risk but with potential for big gains, this is the strategy you may want to pursue. It sometimes comes from looking at all the other strategies and deciding to dip a toe into exciting new waters. Think game-changing, breakthrough, disruptive ideas that are exciting and terrifying at the same time. In today's fast-paced markets, companies wishing to diversify quickly (and minimize time and risk) may opt to buy an existing business or product line in a different market.

So your growth outlook may be cautious, or aggressive - or maybe you don't have a planned growth strategy at all. Here's a tool that you can use to decide how to grow, and to look at the key factors. It is based on a great marketing grid developed many years ago by Igor Ansoff. I've taken his 4 strategies and built in questions to ask yourself and factors to consider. You don't have to pick just one of these strategies - you can use more than one as long as you can manage the requirements each one you pick needs. Ansoff focused on products, but his grid applies equally well to services.

Here is a tool that gives you a framework for where your products and services are now, and what their futures look like. You can use this matrix as the agenda for a monthly or quarterly meeting, to drive the conversation about where you want to go and how you are progressing. Looking critically at risk, cost, operational changes, uncertainty, and likelihood of success will bring clarity to your decisions. It's not easy to manage growth and innovation – so plan carefully to grow and innovate, don't let it happen organically.

		PRODUCTS	
		EXISTING	NEW
MARKETS	EXISTING	<p><b>MARKET PENETRATION (MP)</b></p> <p><i>Sell more of your existing product to your existing market</i></p> <p><b>Risks:</b> Works only if markets are growing, if you can take market share from competitors, or if you can change your promotions or pricing. This is the safest growth strategy, but it is a short-term solution and not sustainable.</p> <p><b>Costs:</b> low</p> <p><b>Success:</b> Depends on your market, won't work well long term. A refreshed marketing strategy and a finger on the pulse of consumers helps a lot.</p> <p><b>YOUR GROWTH PLAN:</b> How can I grow sales with my current product with the target market I'm now attracting? Develop strategies.</p>	<p><b>PRODUCT DEVELOPMENT (PD)</b></p> <p><i>Develop new products for your existing markets</i></p> <p><b>Risks:</b> Works only if you can innovate successfully, and if you understand your customers' wants/needs enough to develop something else they will buy from you. Ask customers, do research.</p> <p><b>Costs:</b> Can be huge if there is research and development needed, or if you need a big promotional campaign. Smaller, new-and-improved innovations are cheaper to implement.</p> <p><b>Success:</b> Depends on how well you can innovate</p> <p><b>YOUR GROWTH PLAN:</b> What new products can I create that the target market I'm now attracting will want? Create a product development chart.</p>
	NEW	<p><b>MARKET DEVELOPMENT (MD)</b></p> <p><i>Sell your existing products to new markets - these could be new market segments, new geographical areas, new ways of distributing your products</i></p> <p><b>Risks:</b> Works only if you understand the new markets well, and if you can adjust promotions or pricing</p> <p><b>Costs:</b> Can be modest if it's a similar geographic market close to home, can be significant if it's a new market in an unknown country – important to estimate costs at the outset</p> <p><b>Success:</b> Can be very successful if the markets are understood and have good potential.</p> <p><b>YOUR GROWTH PLAN:</b> What new markets can I enter with my existing products? Think different geographic areas, new kinds of users, new channels. Make a grid with markets and the cost to enter and succeed in each one.</p>	<p><b>DIVERSIFICATION (D)</b></p> <p><i>Creating entirely new products for new markets</i></p> <p><b>Risks:</b> Riskiest of all 4, particularly if your existing brand name/image doesn't transfer</p> <p><b>Costs:</b> High (both for development and for promotion)</p> <p><b>Success:</b> Can give you the highest return, done right.</p> <p><b>YOUR GROWTH PLAN:</b> How can you use your existing market knowledge and product/service development skills to create something new? List 5 products you have the expertise and passion to create, and identify 3 key target markets for each – then add in cost, budget, market share you would aim for. Research companies in this space. Pick the winner(s) and go for it.</p>

Here are some good resources.

For a great explanation of the basic matrix: <https://www.marketing91.com/ansoff-matrix/>  
 And some good tips on using it: <https://www.executestategy.net/blog/the-ansoff-matrix-helps-organizations-grow/>

And for those who are heading for diversification, I just had to include this article on key ingredients for being innovative, by a marketing research colleague of mine and an award-winning Canadian innovator: <http://www.hotspex.ca/2018/05/23/grit-innovation/>