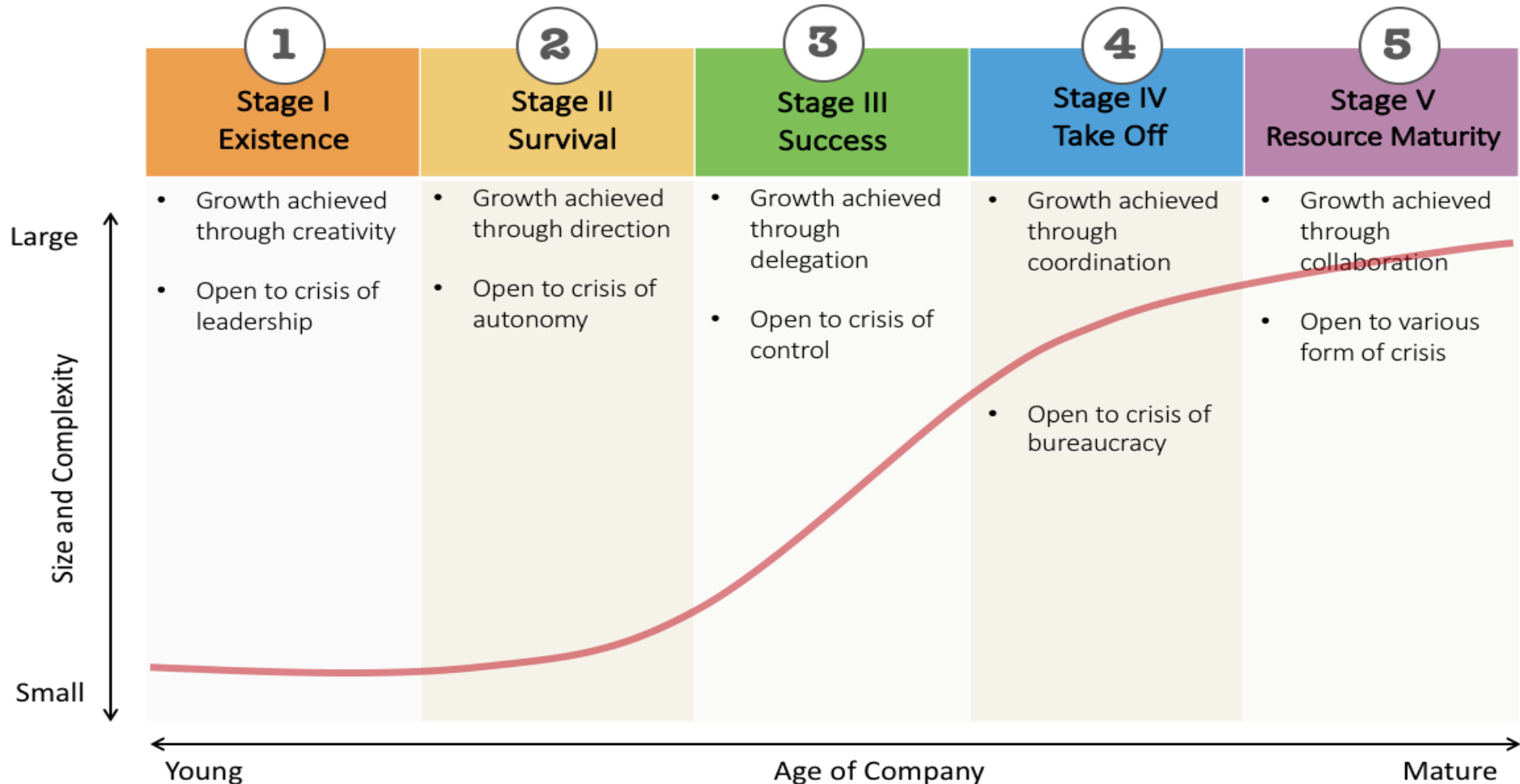


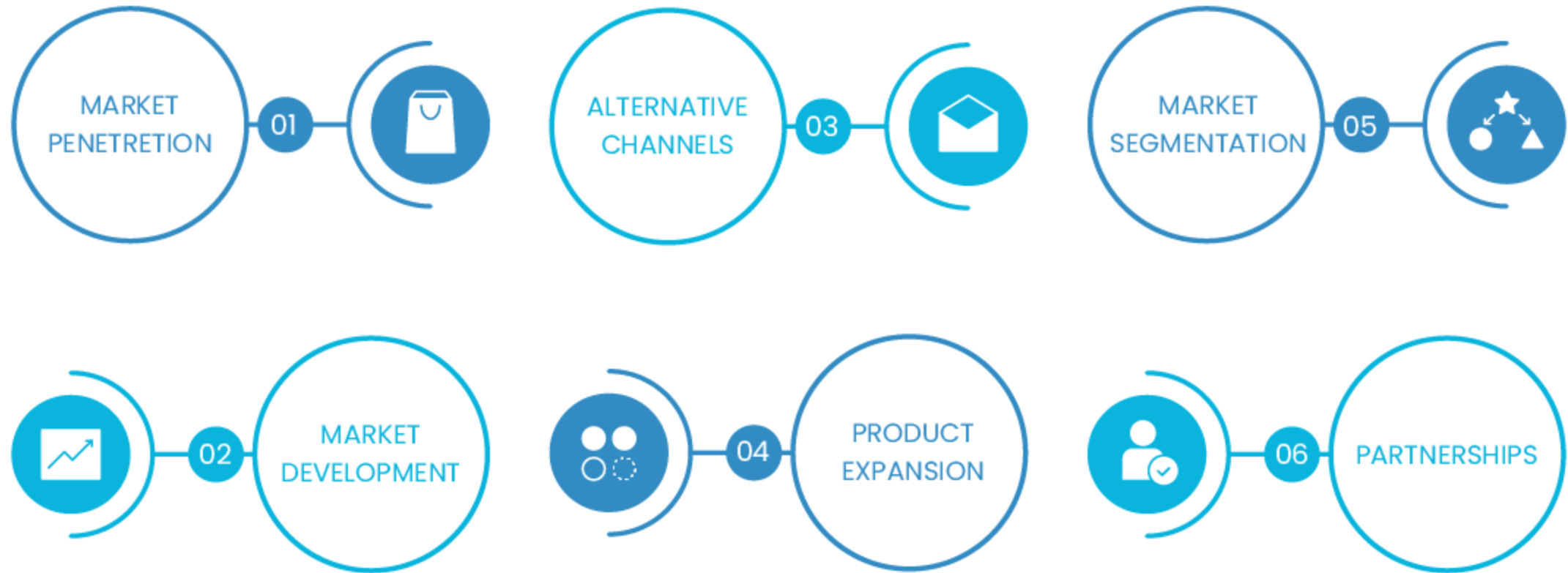
Growth – Stages & Strategies

Stages of Growth





6 POWERFUL BUSINESS GROWTH STRATEGIES FOR SMALL BUSINESSES



Introduction

Most of the big companies started out small in the past but the reality is that only a handful of small businesses will eventually grow to become big brands. According to statistics,

- Only 50% of startups survive more than 5 years
- 9 out of 10 startups fail

The Ansoff Matrix



1. Market penetration

- Market penetration aims to **increase market share for an existing product**.
- Useful strategies include advertising, bundling products into attractive saleable packages, offering discounts on larger orders and lowering prices to beat competitors.
- If you can't increase or improve your product range and must continue to promote existing products, it may be necessary to make products more attractive by coupling them with complementary products in a package, or offering bulk buy bargains.
- Lowering prices can be a good short-term expansion strategy for businesses selling products similar to those sold by their competitors. For example, businesses with relatively generic products (such as household cleaning supply businesses) can benefit from adopting this market penetration strategy.

2. Market development

- A market development strategy pertains to **promotion of existing products or services to new customers, or launching them in a new geographical area**. It might be that your usual market has been saturated or you're struggling to attract new customers or clients in your local region.
- A larger-scale example of this would be leading footwear companies **Nike, Adidas, and Reebok**, which successfully expanded into international markets with original, attractive marketing campaigns.
- Small businesses budgets may not be comparable, but it is certainly possible to find new uses for current products or branch out into similar markets. For example, a **restaurant owner might consider private catering, or doing some B2B marketing** to get well-packaged signature products onto local grocery store shelves.






3. Product development/expansion

- Small businesses can benefit hugely from **expansion of product lines or adding new features to appeal to their existing markets**. You may be experiencing a reduction in sales or profits due to outdated technology or outmoded products. If so, it could be time to expand your product line.
- Amul – Value-added Dairy Products
- Amul continually develops new dairy products suited to Indian tastes—flavored milk, cheese variants, butter, ice creams, and health-focused products like probiotic drinks.

4. Diversification

Growing your market share by entering entirely new markets. Rather than expanding within your existing market, you're launching into the unknown with new products or services in a new market. This strategy is often the riskiest but can have *huge* rewards if successful.

Amazon entering the grocery store business with its purchase of Whole Foods.

		Existing	Market	New
Product	Existing	<u>Market Penetration</u> 	<u>Market Development</u> 	
	New	<u>Product Development</u> 	<u>Related Diversification</u> 	<u>Unrelated Diversification</u> 

5. Alternative channels

- **Utilising alternative channels is one of the best methods of growth in business. Many small businesses already use more than one online platform for marketing, but sometimes switching platforms achieves better results.**
- **The top three marketing channels are email marketing, social media and business websites. 54% of small businesses use email and 48% use social media; it might be surprising to know that less than two thirds (equating to 64%) of small businesses has its own website, according to B2B research firm Clutch.co – yet customers tend to expect to find a website for informational purposes at the very least!**
- **Small businesses with quality products usually benefit from using alternative channels. Five commonly used channels are Google Ads (pay-per-click/cost-per-click advertising), Facebook, email marketing and remarketing. To give you an idea, remarketing is email-based and relates to the collection of user information for list creation; the lists are then used for future promotional emails.**

6. Partnerships

- **Sometimes joining forces with another business is the most viable method of growing your small business. You might choose to do this through mergers, acquisitions or partnerships with other businesses. Provided that the arrangement brings significant benefits to all parties, it can be a true win-win situation that boosts resources in a big way.**
- **Depending on your business type, the possibilities might include extra resources in terms of manpower, skillsets, knowledge, equipment and technology, for instance. There may even be a reduction in workloads or commercial risks. Partnerships tend to suit sole traders who can share clients and collaborate to complete complex projects.**
- **By joining up with a complementary, non-competitive business you can instantly gain access to new customer bases and markets. If going down this route, just be careful to have comprehensive legal contracts in place in order to protect your business in the event of unforeseen issues.**