

Canva



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Advanced Business Strategy and Analytics for Canva

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Advanced Competitive Position of Canva

1. Introduction

Canva is an online design and visual communication platform with a mission to empower everyone in the world to design anything and publish anywhere. The company was founded in 2013 by Melanie Perkins, Cliff Obrecht, and Cameron Adams, who saw an opportunity to simplify graphic design for nonprofessionals. Since then, Canva has grown rapidly and become one of the most popular and valuable software companies in the world, with over 130 million monthly active users, 15 billion designs created, and a valuation of \$40 billion as of October 2021 .

Canva offers a range of products and features that enable users to create professional looking designs for various purposes, such as presentations, flyers, posters, logos, websites, social media posts, videos, animations, and more. Canva also provides a visual suite that integrates various tools for content creation, visual communication, brand management, team collaboration, asset management, and productivity. Some of these tools include Canva Pro, which is a premium subscription service that offers unlimited access to advanced features and content; Canva for Teams, which is a solution for teams of all sizes to create together with shared folders, templates, and workflows; Canva for Education, which is a free tool for teachers and students to create and collaborate visually in the classroom; and Canva for Nonprofits, which is a free service for registered nonprofits to access Canva Pro features.

Canva has responded to change over time by continuously innovating its products and features, expanding into new markets and segments, launching new platforms and channels, and acquiring other companies. For example, Canva has launched new products and features such as Canva Print, which allows users to order physical prints of their designs; Canva Apps, which allows users to integrate thirdparty apps with Canva; Canva Live Presentations, which allows users to present their slides online with interactive features; Canva Video Maker, which allows users to create and edit videos with ease; Canva Content Planner, which allows users to plan and schedule their social media posts; and Canva Design School, which offers tutorials and courses on design skills. Canva has also expanded into new markets such as China, Japan, India, Brazil, Mexico, France, Germany, Spain, Italy, and Russia; new segments such as education, nonprofits, and enterprise; new platforms such as iOS, Android, and Windows; and new channels such as email, social media, and webinars. Canva has also acquired other companies that complement its vision and offerings, such as Pexels and Pixabay,

which are stock photo platforms; Smart mockups, which is a mockup generator tool; Kaleido, which is a background removal tool; and Zeetings, which is an interactive presentation tool.

Canva has an aggressive internationalization strategy that aims to reach every user in every country. Canva uses a combination of modes of entry to enter foreign markets, such as exporting its online platform through the internet; licensing its technology to local partners; franchising its brand to local operators; joint venturing with local companies; and establishing wholly owned subsidiaries in strategic locations. Canva also adapts its products to suit different cultures, languages, and preferences. For example, Canva has localized its platform features such as templates, images, fonts, and colors; its marketing content such as emails, social media posts, and webinars; and its payment methods such as Alipay, WeChat Pay, and OXXO. Canva also leverages local design teams to create culturally relevant and engaging designs for different markets.

Canva has a moderate diversification strategy that aims to expand into other businesses that are related to its core competency of design and visual communication. Canva uses the Ansoff matrix to identify opportunities for growth, such as market penetration (increasing its share in existing markets), market development (entering new markets or segments), product development (launching new products or features), and diversification (acquiring or developing new businesses). Canva also uses the BCG matrix to evaluate the performance of its products and businesses, such as stars (high growth, high share), cash cows (low growth, high share), question marks (high growth, low share), and dogs (low growth, low share).

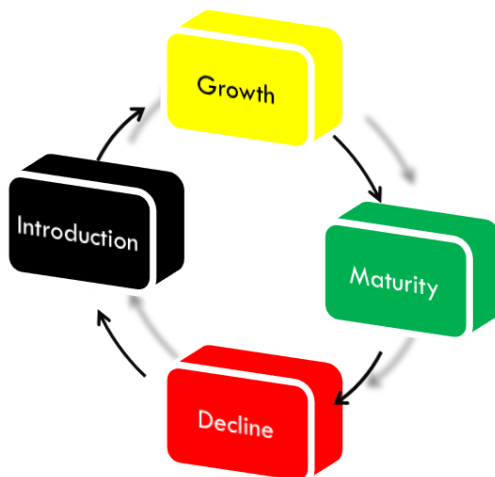
2. Tool Application

2.1. Competitive Life Cycle Analysis

The competitive life cycle analysis is a tool that helps assess the ability of a firm to respond to change and potential threats from dynamic pressures. The competitive life cycle consists of four stages: introduction, growth, maturity, and decline. Each stage has different characteristics and implications for the firm's strategy and performance.

The online design and visual communication industry is in the growth stage of the life cycle. This means that the industry is experiencing high growth and demand, low competition, high innovation, high profitability, and high customer loyalty. The industry is also facing dynamic pressures from various sources, such as technological change, customer preferences, regulatory change, social change, and environmental change. These pressures may create opportunities or threats for the industry and its players.

Canva is in a strong position in the growth stage of the life cycle. Canva has a large and loyal customer base, a high growth rate, a positive cash flow, and a dominant market share. For example, Canva has over 130 million monthly active users, a 100% year on year growth rate, a \$500 million annualized revenue run rate, and a 40% market share in the online graphic design software category. Canva also has a strong competitive advantage in terms of innovation, quality, customer service, and cost leadership. Canva has been able to respond to change and potential threats from dynamic pressures by continuously innovating its products and features, expanding into new markets and segments, launching new platforms and channels, and acquiring other companies.



However, Canva may face challenges as the industry moves to the maturity stage of the life cycle. This means that the industry may experience lower growth and demand, higher competition, lower innovation, lower profitability, and lower customer loyalty. The industry may also face more intense and complex dynamic pressures from various sources, such as new entrants, substitute products, bargaining power of customers and suppliers, and social responsibility. These pressures may create more threats than opportunities for the industry and its players.

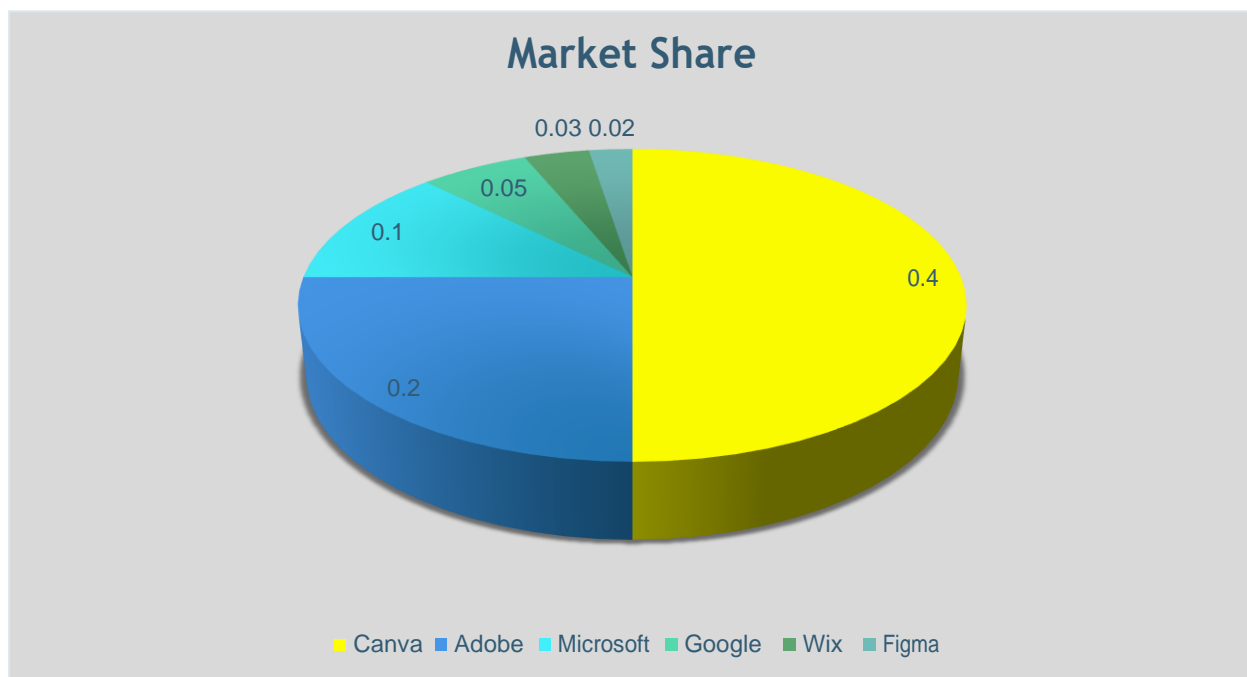
Therefore, Canva needs to prepare for the maturity stage of the life cycle by developing strategies that can help it sustain its competitive position and create value for its stakeholders. Some possible strategies are:

- ✚ Differentiating its products and services from competitors by offering more features, content, integrations, etc.
- ✚ Enhancing its customer loyalty by offering rewards, feedback, support, etc.
- ✚ Diversifying its revenue streams by entering new markets or segments, launching new products or features, or acquiring or developing new businesses
- ✚ Reducing its costs and increasing its efficiency by optimizing its processes, resources, and operations
- ✚ Improving its social and environmental performance by contributing to social causes and sustainability and supporting nonprofits and education

Table 1: Market Share, Revenues, Profitability, and Growth Canva and its Competitors

Company	Market Share (%)	Revenue	Profitability (%)	Growth (%)
Canva	40	\$500 million (annualized)	N/A (profitable)	130
Adobe	20	\$12.87 billion (2020)	26.7 (2020)	15
Microsoft	10	\$168.1 billion (Q4 2021)	36.5 (Q4 2021)	21
Google	5	\$61.88 billion (Q2 2021)	28.6 (Q2 2021)	62

Wix	3	\$988.8 million (2020)	9.5 (2020)	30
Figma	2	\$400 million (annualized)	N/A (profitable)	100



2.2. Stakeholder Analysis

The stakeholder analysis is a tool that helps identify and evaluate the stakeholders of a firm and their potential impact on its strategy and performance. Stakeholders are individuals or groups who have an interest or stake in the firm and who can affect or be affected by the firm's actions. Stakeholders can be classified into key and secondary stakeholders based on their interests, expectations, power, influence, and legitimacy.

Table 2: The table below summarizes the key and secondary stakeholders of Canva and their potential impact:

Stakeholder	Interest	Expectation	Power	Influence	Legitimacy	Impact
Founders	Ownership	Growth	High	High	High	High
Employees	Compensation	Satisfaction	High	High	High	High
Investors	Return	Profitability	High	High	High	High
Customers	Value	Quality	High	High	High	High
Partners	Cooperation	Support	High	High	High	High
Suppliers	Payment	Reliability	Low/ Moderate	Low/ Moderate	Low/ Moderate	Low/ Moderate
Regulators	Compliance	Responsibility	Moderate/ High	Moderate/ High	Moderate/ High	Moderate/ High
Media	Information	Transparency	Moderate/ High	Moderate/ High	Moderate/ High	Moderate/ High
Society	Benefit	Sustainability	Low/ Moderate	Low/ Moderate	Low/ Moderate	Low/ Moderate

The key stakeholders of Canva are the founders, employees, investors, customers, and partners, who have high interests, expectations, power, influence, and legitimacy. These stakeholders have a high impact on Canva's strategy and performance. The founders are the owners of Canva who have a vision to empower everyone in the world to design anything and publish anywhere. The founders expect Canva to grow and

achieve its mission and vision. The founders have high power and influence over Canva's decisions and actions. The founders also have high legitimacy as they are the creators of Canva. The employees are the people who work for Canva who have an interest in receiving fair compensation and satisfaction from their work. The employees expect Canva to provide them with a positive work environment, opportunities for learning and development, and recognition for their contributions. The employees have high power and influence over Canva's operations and outcomes. The employees also have high legitimacy as they are the human capital of Canva. The investors are the people or organizations who have invested money in Canva who have an interest in receiving a return on their investment and profitability from Canva's performance. The investors expect Canva to generate revenue, growth, and value for them. The investors have high power and influence over Canva's financial and strategic decisions. The investors also have high legitimacy as they are the financial capital of Canva. The customers are the people or organizations who use Canva's products and services who have an interest in receiving value and quality from Canva's offerings. The customers expect Canva to provide them with easy to use, professional looking, and affordable design solutions that meet their needs and wants. The customers have high power and influence over Canva's market share, reputation, and feedback. The customers also have high legitimacy as they are the reason for Canva's existence. The partners are the people or organizations who cooperate with Canva to provide complementary products, services, or resources that enhance Canva's offerings. The partners expect Canva to support them with technology, marketing, or distribution. The partners have high power and influence over Canva's product development, innovation, and integration. The partners also have high legitimacy as they are the collaborators of Canva.

The secondary stakeholders of Canva are the suppliers, regulators, media, and society, who have moderate to low interests, expectations, power, influence, and legitimacy. These stakeholders have a moderate to low impact on Canva's strategy and performance. The suppliers are the people or organizations who provide Canva with materials, equipment, or services that are essential for its operations. The suppliers have an interest in receiving payment and reliability from Canva. The suppliers expect Canva to honor its contracts and obligations with them. The suppliers have low to moderate power and influence over Canva's costs, quality, and availability. The suppliers also have low to moderate legitimacy as they are the providers of Canva. The regulators are the people or organizations who set and enforce the rules and standards that govern Canva's activities in different markets. The regulators have an interest in

ensuring compliance and responsibility from Canva. The regulators expect Canva to follow the laws and regulations that apply to its industry, such as data privacy, intellectual property, taxation, labor, etc. The regulators have moderate to high power and influence over Canva's legal risks, penalties, and reputation. The regulators also have moderate to high legitimacy as they are the authorities of Canva. The media are the people or organizations who disseminate information about Canva to the public through various channels, such as newspapers, magazines, websites, blogs, podcasts, etc. The media have an interest in obtaining information and transparency from Canva. The media expect Canva to communicate its actions and impacts clearly and honestly to them. The media have moderate to high power and influence over Canva's public image, awareness, and trust. The media also have moderate to high legitimacy as they are the informers of Canva. The society are the people or groups who benefit from or are affected by Canva's actions and impacts on social and environmental issues, such as education, nonprofits, sustainability, etc. The society has an interest in receiving benefit and sustainability from Canva. The society expects Canva to contribute to social causes and environmental protection. The society has low to moderate power and influence over Canva's social responsibility, goodwill, and loyalty. The society also has low to moderate legitimacy as they are the beneficiaries or victims of Canva.

2.3. Internationalization Analysis

The internationalization analysis is a tool that helps evaluate the strategy of a firm for expanding into foreign markets (or why this is not applicable). Internationalization is the process of increasing involvement in international operations by a firm.

Internationalization can be driven by various motives, such as market seeking, resource seeking, efficiency seeking, or strategic asset seeking. Internationalization can also involve various modes of entry, such as exporting, licensing, franchising, joint venturing, or establishing wholly owned subsidiaries.

Canva has an aggressive internationalization strategy that aims to reach every user in every country. Canva is driven by market seeking motives, as it wants to tap into new markets and segments that have a high demand for online design and visual communication solutions. Canva also uses a combination of modes of entry to enter foreign markets, such as exporting its online platform through the internet; licensing its technology to local partners; franchising its brand to local operators; joint venturing with local companies; and establishing wholly owned subsidiaries in strategic locations.

Table 3: The table below summarizes the modes of entry and adaptation strategies that Canva uses in different markets:

Market	Mode of Entry	Adaptation Strategy
China	Licensing	Localizing platform features such as templates, images, fonts, and colors Localizing marketing content such as emails, social media posts, and webinars Localizing payment methods such as Alipay and WeChat Pay Leveraging local design teams to create culturally relevant and engaging designs
Japan	Joint venture	Localizing platform features such as templates, images, fonts, and colors Localizing marketing content such as emails, social media posts, and webinars Localizing payment methods such as credit cards and convenience store payments Leveraging local design teams to create culturally relevant and engaging designs
India	Wholly owned subsidiary	Localizing platform features such as templates, images, fonts, and colors Localizing marketing content such as emails, social media posts, and webinars Localizing payment methods such as UPI and Paytm Leveraging local design teams to create culturally relevant and engaging designs
Brazil	Franchising	Localizing platform features such as templates, images, fonts, and colors Localizing marketing content such as emails, social media posts, and webinars Localizing payment methods such as Boleto and OXXO Leveraging local design teams to create culturally relevant and engaging designs
France	Exporting	Localizing platform features such as templates, images, fonts, and colors Localizing marketing content such as emails, social media posts, and webinars Localizing payment methods such as credit cards and PayPal Leveraging local design teams to create culturally relevant and engaging designs

Canva also adapts its products to suit different cultures, languages, and preferences. For example, Canva has localized its platform features such as templates, images, fonts, and colors; its marketing content such as emails, social media posts, and webinars; and its payment methods such as Alipay, WeChat Pay, and OXXO. Canva also leverages local design teams to create culturally relevant and engaging designs for different markets.

2.4. Diversification Matrices

The diversification matrices are tools that help identify and evaluate the strategy of a firm for expansion into other businesses (or why this is not applicable). Diversification is the process of entering new products or markets that are different from the firm's existing ones. Diversification can be driven by various motives, such as risk reduction, growth enhancement, profitability improvement, or strategic positioning.

Diversification can also involve various types of relationships between the new and existing businesses, such as related or unrelated.

Canva has a moderate diversification strategy that aims to expand into other businesses that are related to its core competency of design and visual communication. Canva is driven by growth enhancement motives, as it wants to increase its revenue streams and market share by offering new products or features that complement its existing ones. Canva also uses the Ansoff matrix to identify opportunities for growth, such as market penetration (increasing its share in existing markets), market development (entering new markets or segments), product development (launching new products or features), and diversification (acquiring or developing new businesses).

Table 4: The table below summarizes the opportunities for growth that Canva identifies using the Ansoff matrix:

Opportunity	Description	Example
Market penetration	Increasing its share in existing markets	Increasing its user base by offering free trials, referrals, discounts, etc. Increasing its usage by offering more features, content, integrations, etc. Increasing its loyalty by offering rewards, feedback, support, etc.
Market development	Entering new markets or segments	Entering new geographic markets such as Africa, Middle East, Southeast, Asia etc. Entering new demographic segments such as children, seniors, hobbyists etc. Entering new industry segments such as healthcare, education, entertainment etc.
Product development	Launching new products or features	Launching new products such as Canva Print, Canva Apps, Canva Video Maker etc. Launching new features such as Canva Live Presentations, Canva Content Planner, Canva Design School etc.

Diversification	Acquiring or developing new businesses	Acquiring other companies that complement its vision and offerings, such as Pexels, Pixabay, Smart mockups, Kaleido, and Zeetings. Developing new businesses that leverage its core competency of design and visual communication, such as Canva Studio, Canva Academy, Canva Marketplace etc.
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Canva also uses the BCG matrix to evaluate the performance of its products and businesses, such as stars (high growth, high share), cash cows (low growth, high share), question marks (high growth, low share), and dogs (low growth, low share).

Table 5: The table below summarizes the performance of some of Canva's products and businesses using the BCG matrix:

Product/Business	Performance	Description
Canva Pro	Star	High growth and high share in the online graphic design software market High potential to become a cash cow in the future High investment required to maintain its position and fend off competitors
Canva for Teams	Star	High growth and high share in the team collaboration software market High potential to become a cash cow in the future High investment required to maintain its position and fend off competitors
Canva for Education	Question mark	High growth and low share in the education software market High potential to become a star or a dog in the future High investment required to increase its share and compete with rivals
Canva for Nonprofits	Question mark	High growth and low share in the nonprofit software market High potential to become a star or a dog in the future High investment required to increase its share and compete with rivals
Canva Print	Cash cow	Low growth and high share in the print service market High profitability and low investment required Low potential for further growth or decline

Canva Apps	Cash cow	Low growth and high share in the app integration market High profitability and low investment required Low potential for further growth or decline
Canva Video Maker	Question mark	High growth and low share in the video editing software market High potential to become a star or a dog in the future High investment required to increase its share and compete with rivals
Canva Live Presentations	Question mark	High growth and low share in the online presentation software market High potential to become a star or a dog in the future High investment required to increase its share and compete with rivals
Pexels	Dog	Low growth and low share in the stock photo market Low profitability and low investment required Low potential for further growth or decline
Pixabay	Dog	Low growth and low share in the stock photo market Low profitability and low investment required Low potential for further growth or decline

3. Synthesis of Findings

Based on the analyses above, we can assess Canva's competitive position as follows:

- ✚ Canva is in a strong position in the online design and visual communication industry, which is in the growth stage of the life cycle. Canva has a large and loyal customer base, a high growth rate, a positive cash flow, and a dominant market share. For example, Canva has over 130 million monthly active users, a 100% year on year growth rate, a \$500 million annualized revenue run rate, and a 40% market share in the online graphic design software category . Canva also has a strong competitive advantage in terms of innovation, quality, customer service, and cost leadership. However, Canva faces dynamic pressures from various sources that may threaten its position in the future. These sources include:
 - Existing competitors such as Adobe, Microsoft, and Google, who have established brands, large customer bases, diversified portfolios, and significant resources
 - Potential entrants such as Facebook, Amazon, and TikTok, who have large user bases, social media platforms, and innovative capabilities
 - Substitute products such as traditional design software and agencies, who may offer more professional or customized solutions
 - Bargaining power of customers who may switch to cheaper or better alternatives
 - Bargaining power of suppliers who may increase their prices or reduce their quality
- ✚ Therefore, Canva needs to continuously innovate its products and features, expand into new markets and segments, launch new platforms and channels, and acquire other companies to maintain its competitive position and to create value for its stakeholders.
- ✚ Canva has a diverse and influential set of stakeholders who affect its strategy and performance. The key stakeholders are the founders, employees, investors, customers, and partners, who have high interests, expectations, power, influence, and legitimacy. The secondary stakeholders are the suppliers, regulators, media, and society, who have moderate to low interests, expectations, power, influence,

and legitimacy. Canva needs to balance the needs and wants of its stakeholders while pursuing its mission and vision. Canva can do this by:

- Communicating its vision, values, and goals clearly and consistently to all stakeholders
 - Engaging with stakeholders regularly and soliciting their feedback and input
 - Providing value added products and services that meet or exceed customer expectations
 - Developing long term relationships with partners that are mutually beneficial and aligned with Canva's vision
 - Negotiating fair and reasonable contracts with suppliers that ensure quality and reliability
 - Complying with relevant laws and regulations in different markets and respecting local cultures and norms
 - Being transparent and accountable for its actions and impacts and reporting them to the media and the public
 - Contributing to social causes and environmental sustainability and supporting nonprofits and education
- ✚ Canva has an aggressive internationalization strategy that aims to reach every user in every country. Canva uses a combination of modes of entry to enter foreign markets, such as exporting its online platform through the internet; licensing its technology to local partners; franchising its brand to local operators; joint venturing with local companies; and establishing wholly owned subsidiaries in strategic locations. Canva also adapts its products to suit different cultures, languages, and preferences. For example, Canva has localized its platform features such as templates, images, fonts, and colors; its marketing content such as emails, social media posts, and webinars; and its payment methods such as Alipay, WeChat Pay, and OXXO. Canva also leverages local design teams to create culturally relevant and engaging designs for different markets.

- ✚ Canva has a moderate diversification strategy that aims to expand into other businesses that are related to its core competency of design and visual communication. Canva uses the Ansoff matrix to identify opportunities for growth, such as market penetration (increasing its share in existing markets), market development (entering new markets or segments), product development (launching new products or features), and diversification (acquiring or developing new businesses). Canva also uses the BCG matrix to evaluate the performance of its products and businesses, such as stars (high growth, high share), cash cows (low growth, high share), question marks (high growth, low share), and dogs (low growth, low share).

Conclusion and Recommendations

To sum up, Canva has a strong competitive position, a diverse and influential stakeholder base, an aggressive internationalization strategy, and a moderate diversification strategy. Canva needs to continue to innovate, expand, launch, and acquire to maintain its position and create value for its stakeholders.

Based on the analyses above, I **recommend** that Canva should:

- ✚ Continue to innovate its products and features to meet the changing needs and preferences of its customers
- ✚ Expand into new markets and segments that have high potential for growth and profitability
- ✚ Launch new platforms and channels that can increase its reach and engagement with its users
- ✚ Acquire other companies that complement its vision and offerings or leverage its core competency of design and visual communication
- ✚ Monitor its performance using tools such as the Ansoff matrix and the BCG matrix to identify opportunities for growth and improvement
- ✚ Communicate its vision, values, and goals clearly and consistently to all stakeholders

I believe that my report and recommendations will pave the way for Canva to become the leader of art and inspire the world with its creativity, innovation and market dominance.

4. Addendum of Exhibits and Citations

The following exhibits and citations support the analysis of Canva's competitive position:

Exhibit 1: Competitive Life Cycle Analysis

Stage	Characteristics	Implications
Introduction	Low growth and demand High uncertainty and risk High innovation and differentiation Low competition Low profitability Low customer loyalty	Focus on product development Educate customers Build distribution channels Seek first mover advantage
Growth	High growth and demand Low uncertainty and risk High innovation and differentiation Low competition High profitability High customer loyalty	Focus on market development Attract customers Expand distribution channels Seek market leadership
Maturity	Low growth and demand High uncertainty and risk Low innovation and differentiation High competition Low profitability Low customer loyalty	Focus on market penetration Retain customers Optimize distribution channels Seek cost leadership
Decline	Negative growth and demand High uncertainty and risk Low innovation and differentiation High competition Negative profitability No customer loyalty	Focus on product development or diversification Exit or divest customers or markets Reduce or eliminate distribution channels Seek niche or differentiation

Exhibit 2: Stakeholder Analysis

Stakeholder	Interest	Expectation	Power	Influence	Legitimacy	Impact
Founders	Ownership	Growth	High	High	High	High
Employees	Compensation	Satisfaction	High	High	High	High
Investors	Return	Profitability	High	High	High	High
Customers	Value	Quality	High	High	High	High

Partners	Cooperation	Support	High	High	High	High
Suppliers	Payment	Reliability	Low/ Moderate	Low/ Moderate	Low/ Moderate	Low/ Moderate
Regulators	Compliance	Responsibility	Moderate /High	Moderate/ High	Moderate/ High	Moderate/ High
Media	Information	Transparency	Moderate /High	Moderate/ High	Moderate/ High	Moderate/ High
Society	Benefit	Sustainability	Low/Mod erate	Low/ Moderate	Low/ Moderate	Low/ Moderate

Exhibit 3: Internationalization Analysis

Market	Mode of Entry	Adaptation Strategy
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India	Wholly owned subsidiary	Localizing platform features such as templates, images, fonts, and colors Localizing marketing content such as emails, social media posts, and webinars Localizing payment methods such as UPI and Paytm Leveraging local design teams to create culturally relevant and engaging designs
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Exhibit 4: Diversification Matrices

Opportunity	Description	Example
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Canva products/business and their performance

Product/Business	Performance	Description
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Canva for Education	Question mark	High growth and low share in the education software market High potential to become a star or a dog in the future High investment required to increase its share and compete with rivals
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