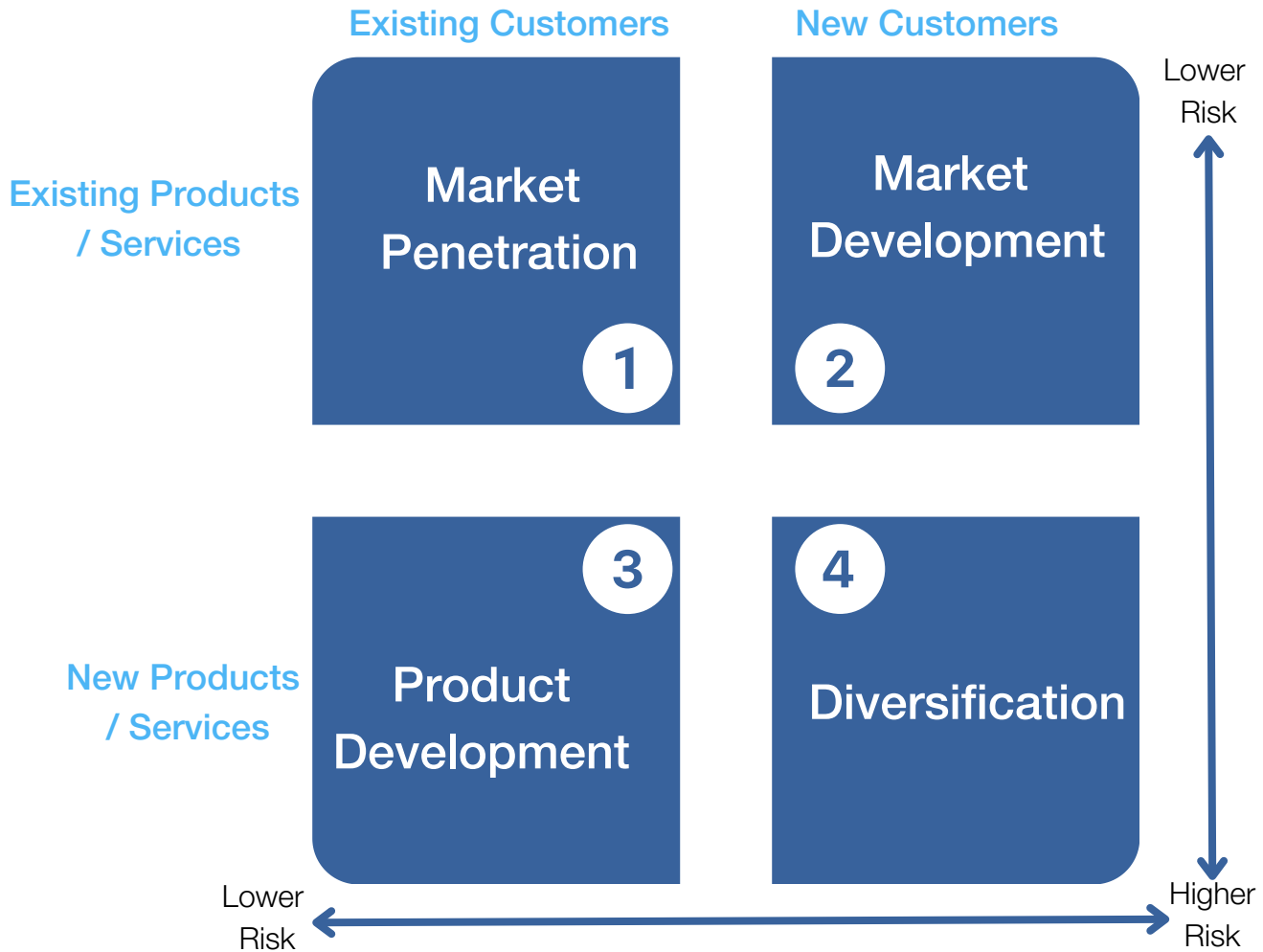


GROWTH STRATEGIES



Businesses MUST plan for growth. There is no such thing as standing still for years and continuing to make the same level of profit.

There are recognised strategies for doing this.

The strategy you choose will depend on factors such as:

- your business model
- the level of competition in your market
- your current financial situation
- your appetite for risk.

In this summary guide, we introduce some of the most common business growth strategies.



1

A **Market Penetration Strategy** increases your share in the current market by selling more of your existing products to your ideal/target customers.

It's a low-risk approach, avoiding major investments in new products or services.

Enhancing the customer buying experience, such as improving the website or adding extra services, can boost market share without resorting to discounts.

While we generally don't advocate lowering prices, strategic incentives like stock incentives, bulk purchases, and VIP loyalty programs can give you a competitive advantage over similar offerings in the market.

2

A **Product Development Strategy** involves creating new products or services for your current market, especially useful when growth opportunities for existing products are limited and a pivot is necessary.

While this approach can be time-consuming and costly, thorough research is crucial.

Identify the genuine problems your customers want solving, ensuring demand for new offerings justifies the investment in time, money, and resources.

Product development may also involve enhancing existing products through new technology or additional features.

Successful implementation relies on innovation, as exemplified by Netflix's evolution from DVD delivery to dominating the global streaming market.

3

A **Market Development Strategy** is a lower-risk growth option involving the identification and targeting of new markets for your existing products or services.

This strategy is effective when current market growth opportunities are limited.

Explore new uses, appeal to different audiences, target diverse customer types, or consider selling in different geographical areas or overseas.

International expansion, in particular, remains a promising growth avenue for many small businesses. Thorough research and preparation is essential for informed strategic decision-making in your growth strategy.

4

Diversification, a high-risk growth strategy, involves creating new products for entirely new markets.

Thorough market research, including SWOT and PESTEL Analyses, is crucial to ensure appeal to a new target audience.

This strategy is typically pursued when current products or markets lack further growth opportunities.

Mitigating the risks of diversification can involve collaborating with universities, research organizations, and accessing grant funding from entities like Innovate Edge UK and government-backed research and design funds.

Virgin is an excellent example of diversification. Moving from music, into air travel, into rail, into holidays, into financial services, into mobile telecoms. It has also moved OUT of markets once it found they had no niche or true USP.