

Business Expansion

There are four ways to grow sales:

Market Concentration

Every business has viable customers it has not yet nailed down, customers that also buy from other businesses, and customers it has lost. So there's great potential in finding ways to increase sales in existing markets.

Here are a few ways to get customers to buy more:

1. More frequent use

- Become a habit - change displays or special offers frequently, offer novelties or events, advertise that regular use reduces long-term problems
- Offer frequent-buyer rewards
- Improve convenience - longer hours, faster preparation, children's play area, book-ahead reservations, easy payment options for regular customers.

2. Larger quantities

- Offer incentives for bulk purchases or combination buys
- Encourage stockpiling - package in larger-than-needed quantities or increase size of servings.

3. New uses

- Invent different purposes - new ways to use your product, in the same way that baking soda is used as an odour-eater or soups are used to make sauces.

Innovation

You can find ideas for new products, features or related services from customers, employees and suppliers. The trick is to actively listen to what they say.

Customer: "Can I put a down payment on this?"

You: "Maybe I should offer a payment plan."

Employee: "I'm so tired of people who call a lumber yard asking whether we build fences."

You: "Maybe I should provide qualified tradesmen."

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Supplier: "We sure are selling a lot of Oriental sauces lately."

You: "Maybe I should offer a Chinese fried rice dish on my menu."

Tactics for introducing new products within existing markets:

Replacement products

- Change appearance - new colours, packaging or styling can re-energize a tired product line.
- Change message - focus on current trends to emphasize eco-consciousness, safety or multiculturalism.
- Change technology - go digital, introduce e-commerce, offer organic ingredients.

Additional features

- Add optional extras - use the airline model and offer different levels of service, or use the kitchen product model and offer a dispenser or holder.
- Customize - personal service, individual consultation, non-standard orders.
- Use special occasions - holiday, celebration or special occasion versions of your product, such as Christmas editions, Heritage Day portraits or "election" burgers.

Complementary items

- Offer accessories - stock add-on items of interest to customers who buy your product or service, such as designer fountain pens in bookstores.

Completely new items

- Extend your brand - capitalize on goodwill by offering new items over your name
- Cross-sell - offer a wider menu of services either supplied by you under licence from others or supplied by others who pay a commission to you.

Penetration

If you have saturated your local market, the most obvious answer is to reach out to new buyers.

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The risk is that you move before you're profitable in your first market and cannot financially withstand the learning curve you will experience with new customers, or weather the new competition you will face.

Some means of penetrating new markets:

Segmentation

- Extend current segments - use market research to find new segments that could use your product: men/women, high-income/medium-income, car owners/boat owners.
- Re-focus current segments - find new uses or applications to capture new customers - as baby shampoo is also marketed as shampoo for sensitive skin.

Geographic outreach

- Advertise - place ads in select media in new markets, preferably where little competition exists.
- Go for catalog sales - band together with other producers of related products to publish a catalog and solicit mail-order sales.

More locations

- Minimize overhead - open new stores, warehouses or factories, but centralize head office functions (buying, accounting, administration, personnel) at old location.
- Use temporary locations - if it makes sense, try kiosks or temporary office space first.

Export

- Register with databases - Canadian and overseas databases list companies seeking new markets or suppliers for foreign markets. The Canadian Trade Commissioner's WIN Export database is a good place to start. You may also want to visit the Government of Canada's Strategis Web site, a valuable resource for businesses.
- Get expert assistance - use Canadian embassies and trade consuls in foreign markets. Large Canadian cities have federally funded International Trade Centres.
- Attend trade shows - quick exposure, easy planning and excellent targeting, plus current market information and immediate knowledge of local competition.

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- Get financial aid - federal and provincial loan programs and other funding mechanisms. Pursue education and mentoring - many inexpensive programs exist for new exporters

Diversification

The most radical and risky of sales growth strategies, especially for small businesses, because it requires new capital investment, new product development and a new business plan. It is attractive if it levels out seasonal or cyclical ups and downs, and it may provide relief from having all your eggs in one basket.

Capacity analysis

- Consider off-season ideas for seasonal businesses.
- Find new uses for production facilities during off-hours.
- Find new applications for machinery, employees or warehouse space that are not fully utilized.

Crossovers

- Find related industries or market segments with similar needs and characteristics - an artistic metalwork maker may diversify into wrought iron fences.

For More Information

Internet: [Your Operations Plan: Gearing up for Growth](http://www.smallbusinessbc.ca/growing-a-business/operations-management)

<http://www.smallbusinessbc.ca/growing-a-business/operations-management>