

ANALYSIS

A CHECKLIST FOR NEW MARKET SELECTIONS

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Introduction

Customer needs continue to change, and the drivers behind the need for print communications also change. The ways in which business gets done will also persistently change. At the business-to-business (B2B) level, the regional constraints that many print service providers (PSPs) once faced offered a good example. Now that business can easily be conducted online or virtually, the distance between the prospect or client and the PSP is negligible. This, in turn, opens the door to expansion. Taking on new geographies, however, is not the only option.

Attempting to determine which markets to pursue can take up a lot of time, and the results can sometimes deliver diminishing returns. Before you dismiss the idea, though, consider the effects that refusing to explore new market opportunities might have on your business. This might mean stagnant revenues and eroding profits. This article explores some of the practices that you might want to consider as you evaluate options for expansion. It is designed to assist with the evaluation process and to help create a new market mindset.

Strategies for Market Expansion

All too often, overthinking a situation can cause a delay in processes. This is especially true when attempting to identify a market that might assist with business expansion. Rather than attempting a random brainstorm that might just lead you down a rabbit hole, consider starting with Ansoff's Matrix. This reliable tool can position you to set the process of market expansion in motion.

As shown in the image below, determining which direction you want to take also reveals high-risk vs. low-risk efforts. For example, entering a market that you don't currently serve with a product that you don't already offer is a riskier move. The rewards will likely come with more effort. In the end, the matrix offers four considerations and categorizes the effort and risk required for success.



Figure 1: Ansoff's Matrix



Image Source: Corporate Finance Institute

Look Inside Your Business

As a PSP, it's not uncommon to operate under the belief that your business exists to provide print communication products. Although this opinion is valid on the surface, the *intention* of what you do paints a clearer picture. Before committing to a new market, set the tone for success by taking the time to answer these critical questions:

- What do we do?
- How do we do it?
- Why do we do it?

The answers to these questions will set some much-needed boundaries and establish focus. As an added benefit, you'll also be able to establish a framework for the messaging you'll need to support your new endeavors. Here are ten supporting questions to get you started:

1. What business are we really in?
2. What problems do we solve for our clients?
3. What skills in our organization are valuable or unique?
4. What is our position in the industry?
5. What is the nature of our markets?
6. Which customers are we serving?
7. Where is our market?
8. How do our key customers view us?
9. What (if any) plans should we have for product improvement?
10. Where would we like to take our business in 3 years/5 years?



Develop Motives for Expansion

It's easy to come up with a list of reasons to expand your business into new markets. By understanding your motivation, however, you can narrow your focus and quickly eliminate choices that don't serve your goals. A few obvious reasons for business expansion might include mere survival or to offset profit erosion. Others expand into new markets to mitigate risks—if a large client stops buying, this drop in income can be offset by other opportunities.

Whatever your initial thoughts are on why you should expand, recognizing your purpose can refine your incentive to do so. Here are some questions to improve awareness and build your vision:

- What is the risk of doing nothing?
- Are there vertical markets that we already work with?
- Are there good business reasons to consider new market locations?
- Are there products/services that our clients need but we currently don't offer?
- What adjacent markets can be leveraged to achieve success in a new industry?
- How will any changes affect my current organization?
- Do I have the proper team in place, or do we need to recruit?
- What is our probability of success, and how can we improve our chances?
- What specific steps do we need to take to achieve our objectives?
- How will our partners, customers, and community react to any changes?
- What is the likely impact (short-term and long-term) on our financial health?

Do Your Homework

You might think you have the best idea in the world, but that doesn't mean customers will pay for it. Customer needs continue to evolve, so you must be specific in how you can provide value. When looking to expand into new markets, research is a must!

Good research involves collecting quantitative and qualitative information. Many turn to surveys and voice of the customer programs to stay current on market demands. Some rely on industry research provided by third parties. Still others may take advantage of the results that can be gained from Google searches and social media. If you need a few tips for better search results, consider researching the top challenges in a specific market and then the top goals. You might uncover some interesting information by researching the things that make it difficult for an industry or market to conduct business. As a result of your market research, you should be able to answer the following questions:

- What needs stand out in the market(s) we are considering?
- Is there sufficient demand for the products/services we plan to offer?
- Is the market we're evaluating in a growth or decline trend?



- Who specifically are the prospective customers?
- What characteristics make them similar?
- What makes them different?
- What are their buying practices?
- Where are we going to sell our products?
- What alternatives are available to the identified audience?
- What is the projected market size for our product or service?
- How much market share do we plan on capturing?

Conduct a Competitive Analysis

The initiative to expand into new markets also requires a keen understanding of the competitive landscape. Knowing who they are, the value they deliver, and the limitations of their services will help you determine how you can stand out from the crowd. In addition, establishing competitive profiles enables you to enter the market prepared.

To establish important information about your competitors, find out the following:

- What are the names of major competitors in the market you're considering?
- Where are they located?
- What products and services do they offer?
- What is their current market share?
- Are they gaining or losing customers, and why?
- What are their strengths and weaknesses?
- What is their brand reputation?
- Have competitors recently exited the market, and if so, why?
- What innovations or patents have these competitors introduced?
- How do they engage with their audience?



The Bottom Line

The opportunity to build new business and expand into new markets is sometimes intimidating, but often exciting. The practice itself injects energy into routines that might otherwise be considered “business as usual.” As you’re thinking about where you want to take your business, remember that attempting to be all things to all customers is a recipe for failure. In addition to being outdated, this attitude can be expensive and only encourages mediocrity. So think about what you’re hoping to achieve, then focus! Be specific, invest the time, and do the work. Lastly, consider the mantra of Airbnb’s CEO, Brian Chesky: “Build something that a hundred people love, not something that a million people kind of like.”



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As part of the Business Development Strategies Consulting Service at Keypoint Intelligence, Karen Kimerer has experienced the many challenges of expanding current market opportunities and securing new business. She has developed a systematic approach to these opportunities, addressing the unique requirements of becoming a leader in our changing industry.

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