

Expansion Approaches for your Business

By Professor Alejandrino Ferreria

There are fundamentally 4 areas of expansion categorized as Market/Customers vs. Product/Services and Current vs. New. Take a look at these modes of expansion along with the risk that goes with each one and assess the right approach for your business.



Current Product to Current Market



Promote usage of existing product and consequently increase market share through special offers or other pricing strategies.



Least risky since it doesn't entail new expansion, simply growing the enterprise organically.



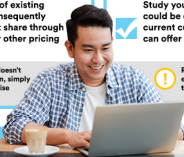
New Product to Current Market



Study your existing market - there could be other things that your current customers need that you can offer such as new product line.



Risk is a bit high because another enterprise may already be serving the needs of your existing market.



Current Product to New Market

Tap new customers by making your products or services available in new geographical areas or distribution channels.



A bit more costly and at times uncertain, the risk lies in being able to fully understand the needs and wants of the new customer/market.



New Product to New Market

Diversify and move out your current box. In this approach, knowledge of new products and services aside from new customers is key



Most risky given its uncertainty. It involves intensive preparation and major investment in terms of time and money but the reward can be worth the risk.