

## Growth Strategies of Top Notch Companies: An Overview

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### ABSTRACT

*Everyone has the drive to grow and prosper. Even business is not an exception. In fact growth is one of the primary objectives of many firms. Businesses need to grow in order to be successful, to build and retain their brand image, to satisfy their shareholders, to attract the financial investors, to motivate their employees, to satisfy their suppliers and to create confidence among the users. Thus, growth has become imperative to every business irrespective of its size- small, medium or large. In this article, various growth strategies adapted by Procter and Gamble, Coca-Cola, Unilever and Apple Inc has been discussed.*

### Keywords

*Business, Growth strategies, Market, Product, Growth*

### INTRODUCTION

Most companies have plans to grow their business and increase sales and profits. However, there are certain methods companies must use for implementing a growth strategy. The method a company uses to expand its business is largely contingent upon its financial situation, the competition and even government regulation. Some common growth strategies in business include market penetration, market development, product development and diversification.

Growth strategies are aimed at winning larger major share even at the expense of short - term earning. There are four types of growth strategies they are market penetration, market development, product development and diversification (growth strategy, 2016)

In this article, we would like to analyze the growth strategies of Procter and Gamble, Coco cola, Unilever and Apple.

### PROCTER AND GAMBLE

Procter and Gamble is an American global corporation based on manufacturing a wide range of consumer goods

ranging from dishwashing, hair care, healthcare products, and skin care to laundry detergents. It was found in the year 1837 and became one of the most admired company in the Fortunes most admired companies list. P&G invested more than Rs 2,000 crore in India in the past three years, mainly to set up manufacturing units to reduce dependence on pricier imports. P&G's three entities in India, selling products ranging from detergents and shampoo to razors and sanitary napkins, posted combined revenue of Rs 10,347.7 crore in the fiscal year ended on June 30, 2015, up 12.7% from the year before. Procter and Gamble has adopted all the four strategies to grow and expand its business arena.

### GROWTH STRATEGIES OF PROCTER AND GAMBLE

Market penetration is a strategy that includes those activities that are used to increase the market share of a product or service. Since P&G is a reputed organization, they use strategies like competitive pricing, advertising and promotions to get more sales. Procter and Gamble tries to increase its market share through allocation of more budget towards advertising and other promotional methods like sampling. P&G believes that sampling leads to customer loyalty and repeat purchase which increases the sales.

Market development is a strategy where the company will identify and develop new markets for the current product. A market development strategy targets new customer in new segments. P&G has an online shopping feature which ships worldwide. So, this enables P&G to make new promotions on the website and get more customers. Providing daily deals would also attract more customers. So, Procter and Gamble expands through digital and online marketing. Procter & Gamble could enter new market segments when it creates an entirely new product line or when it changes its market focus. In this way, Procter & Gamble can expect a new revenue stream. For Instance, the rollout of the Flex ball innovation, in Gillet, a reputed brand of Procter and Gamble have led to market expansion in the Middle East, Africa, and Asia.

Product development strategy involves modification of an existing product or its presentation, or formulation of an entirely new product that satisfies a new customer want or market place. P&G also created a brand Tide pods, which is not an entirely new brand but a latest version of Tide with new packing style to retain the existing customers and to attract new customers in the market. Likewise, technological innovation makes the Gillette Fusion5 ProGlide better than the Gillette Fusion5 razor and has attracted new customers.

Diversification is the act or practice of manufacturing a variety of products, investing in a variety of securities, selling a variety of merchandise, etc., so that a failure in or an economic slump affecting one of them will not be disastrous. Diversification occurs when Procter & Gamble develops a new product or expands into a new market. Often, businesses diversify to manage risk by minimizing potential harm to the business during economic downturns. The basic idea is to expand into a business activity that doesn't negatively react to the same economic downturns as a current business activity. Every acquisition and corresponding business diversification in Procter & Gamble's history has led to considerable growth of its business. Originally, Procter and Gamble was founded based on providing consumers with soaps and candles. However, today Procter and Gamble offers one of the strongest and most trusted product lines, which includes Tide, Pampers, Duracell, Gillet and Crest. With the manufacturing and distribution of so many unique products, Procter and Gamble has now changed its business focus from a dominant business to a related linked business.

## COCA-COLA

The Coca-Cola Company is an American multinational beverage corporation and manufacturer. Among other set of activities, it also retails and markets nonalcoholic beverage concentrates and syrups. It is headquartered in Atlanta, Georgia. The company is best known for its Coca-Cola. It was invented in 1886 by pharmacist John Stith Pemberton in Columbus, Georgia. The company holds a loyal base of customers who opposed strongly when the company came up with new coke. Some of the innovations of the company in marketing have been remarkable and the company has managed a lot of chunk through institutional sales.

The Coca-Cola Company is currently the world's largest beverage company. They manufacture beverages including sparkling sodas, juices, and sports drinks and operate in more than 200 countries across the globe. Examples of

brands they own include Sprite, Fanta, Vitamin Water, Minute Maid, Bonaqua, and PowerAde (Sabrina, 2017). The Coca cola system in India has already invested USD 2 billion till 2011, and will be investing another USD 5 Billion till the year 2020. The Coca cola system in India directly employs over 25,000 people including contract workers and it has created indirect employment for more than 1,50,000 people in related industries.

## GROWTH STRATEGIES OF COCA-COLA

Market penetration strategy, involves an attempt to increase market share within existing industries, either by selling more product to established customers or by finding new customers within these markets – typically by adapting the 'Promotion' element of the Marketing Mix. Due to the incredible strength of Coca-Cola's brand, the company has been able to utilize market penetration on an annual basis by creating an association between Coca-Cola and Christmas, such as through the famous Coca-Cola Christmas advert, which has helped boost sales during the festive period.

Market development refers to finding new group of buyers for an existing product. The launch of Coke Zero in 2005 was a classic example of this – its concept being identical to Diet Coke; the great taste of Coca-Cola but with zero sugar and low calories. Diet Coke was launched more than 30 years ago, and whilst more females drink it every day than any other soft drink brand, it came to light that young men shied away from it due to its consequential perception of being a woman's drink. With its shiny black can and polar opposite advertising campaigns, Coke Zero has successfully generated a more 'masculine' appeal.

Product development involves developing new products for existing markets by thinking about how new products can meet customer needs more closely and outperform competitors. A prime example of this was the launch of Cherry Coke in 1985 – Coca-Cola's first extension beyond its original recipe – and a strategy prompted by small-scale competitors who had identified a profitable opportunity to add cherry-flavored syrup to Coca-Cola and resell it. The company has since gone on to successfully launch other flavored variants including lime, lemon and vanilla.

The Coca-Cola Company uses two types of diversification. They are related and unrelated diversifications. Their related diversifications involve the production of a new category of goods that complements the existing portfolio, to penetrate a new but related market. In 2007, Coca-Cola spent \$4.1 billion to acquire Glaceau, including its health drink brand Vitamin water.

With a year-on-year decline in sales of carbonated soft drinks like Coca-Cola, the brand anticipates the drinks market may be heading less-sugary future – so has jumped on board the growing health drink sector. On the other hand, their unrelated diversification entails entry into a new industry that lacks important similarities with the company's existing markets. Coca-Cola generally avoids risky adventures into unknown territories and can instead utilize its brand strength to continue growing within the drinks industry. Coca-Cola offers official merchandise from pens to fridges, therefore exploiting its strong brand advocacy through this strategy. (Oakley, 2015)

## UNILEVER

Unilever is a Dutch-British transnational consumer goods company. Its product include food, beverages, cleaning agents and personal care products. It is the world's largest consumer goods company and the largest producer of food spreads. It is one of the oldest multinational company and its products are available in 190 countries, worldwide. They own around 400 brands, but focuses on 13 brands. They have employed around 169,000 up to today. The purpose of Unilever is to set our aspirations in running the businesses. They aim to make a positive impact through the brands, commercial operations and relationships, voluntary contributions and various other ways in which they engage in the society at large. The vision of the business is to make a sustainable living commonplace because Unilever believes it is the best way for the business to grow. (Unilever , 2017)

## GROWTH STRATEGIES OF UNILEVER

Unilever applies the market penetration as one of its primary intensive growth strategy. In this, the company increases its sales to improve revenues and corresponds the business growth. For example, in the homecare market of the Unilever, they sell the current product aggressively in the United States and Canada. And they use different generic strategy to make the product more competitive and attractive than others.

Product development of Unilever is a function which is used as a secondary intensive strategy. The company applies this method when they are about to introduce a new product that is a needed by the consumers. For example, Unilever's personal care product is being released over time to maintain the increase of the market share. Unilever's newest personal care brand—Love Beauty and Planet, which launched in the U.S. this week with products including shampoos, conditioners, and body washes. The roll out is part of Unilever's latest

efforts to respond to a fragmented marketplace and shift its portfolio toward higher-growth areas. The company is expected to launch a half dozen new personal care brands between this year and next.

In Unilever market development strategy is used as a supporting intensive growth strategy. When Unilever enters a new market, the company grows. For instance, when the Unilever grow by marketing its existing products they reduce the price to gain more revenues. Although, Unilever have already entered a significant presence in every consumer good market segment worldwide Acquisition of Sundial Brands, a US skincare company whose core customers are mainly African-Americans, brings the number of deals to 18 since the beginning of 2015. Unilever has run up a bill of €8.8bn for this basket of M&A— an average of €500m a purchase and tiny in comparison to some of the industry's big deals.

Unilever uses diversification as a supporting growth strategy. This focuses on establishing new businesses which helps the company to grow. Unilever is the king of product diversification with over 30 brands being sold in more than 190 countries. The company's brand categories include: Home care- Omo, Persil, Surf, Comfort, Cif, and Pureit, Personal care— Axe, Lynx, Dove, Sunsilk, Rexona, Lux, Signal, Pond's Lifebuoy, Vaseline, and Close Up, Foods and refreshments – Knorr, Heartbrand, Ben & Jerry's, Lipton, and Brooke Bond

## APPLE INC

Apple Inc. was founded by Steven Paul Jobs, Steve Wozniak and Ronald Gerald Wayne on April 1, 1976 and is headquartered in Cupertino, CA. The company designs, manufactures and markets personal computers and related personal computing, and mobile communication devices. The company's products and services include Macintosh computers, iPhone, iPad, iPod, Apple TV, Xserve, a portfolio of consumer and professional software applications, peripherals and iOS operating systems, third-party digital content and applications through the iTunes Store and a variety of accessory, service and support offerings. It sells its products worldwide through its retail stores, online stores, and direct sales force and third-party cellular network carriers, wholesalers, retailers, and value-added resellers to the consumer, small and mid-sized business, education, enterprise, government and creative markets. (Anh, 2017).

## GROWTH STRATEGIES OF APPLE INC

Apple Inc. to achieve more sales applies intensive strategies to sell more of the existing products like iPhone

and iPads. It adds more authorized sellers in the market. The existing product is heavily promoted and the price is reduced to increase its sales. Apple Inc. uses promotions through various websites and media outlets, to encourage people to buy more Apple products. Apple penetrates the market by releasing the new and updated version of iPhone every 12 months and thus it adds variety to its existing product and hence provides ample choice to choose from and through extensive promotional techniques.

Apple Inc. has nearly 498 Apple stores in 22 countries. But there are still some countries where they don't have their branches to operate and provide their service in those countries. Apple Inc. can open stores in those countries to widen its market as a market development strategy. Apple Inc. use market development the least. Because they think that it is almost as the same as market penetration. Apple Inc. implements the market development through new products. For example, the company innovates and offers good like the Apple watch, which is an entirely new product line in the firm. So, the company reaches out to smart watch market, and it helps to expand the company's market.

Apple Inc. introduces new apple phones and laptops products according to their customers' expectations. Every year they carry out surveys to see which type of products and features people like and the next year they produce those kinds of Apple phones. Apple Inc. has launched Apple iPhone 8 plus in 2017 as a new version of their existing Apple iPhone 8. By doing this it helps to attract new customers and was able to hold its current customers as well. Apple Inc. grows with the new product and the models allowing them to generate more revenues to the company.

Apple is mainly famous for their products like iPhone, iMac and iPads. But when Apple Inc. decided to enter the music industry they risked it but the outcome was rewarding and worth it. They introduced Apple iTunes which is one of the largest media libraries. It gives you unlimited access to millions of songs.

## CONCLUSION

Though every small, medium and large businesses aspire, strive to grow through various strategies like market penetration, development, product development and

diversification based on their financial background and external environmental analysis to reap profit, revenue, build a better brand image, growth strategies do have some negative impacts on the businesses and its stakeholders. The growth may cause stress and anxiety to its employees, because they feel that a new corporate culture will be inculcated, their controlling power may get changed, they may need to learn a new process, they may need to develop a new skill. All this ultimately will have some negative impact on the quality outputs of the businesses and thus on their financial structures. Thus, growth strategies need to be implemented with utmost care, stakeholders support failing which the businesses might be at risk.

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