

# Industrial Manufacturing Adjacent Market Analysis & Growth Strategy Case Study



Plastic molding manufacturer identifies adjacent market opportunities to diversify revenue and customer base, manage cyclicalities in its sales cycle, and leverage its innovative culture

## Background and Objectives

A leading plastics manufacturer with unique manufacturing capabilities had steadily captured share in several seasonal markets, and wanted to better manage this cyclicity/seasonality. To do so, the client asked BCE to identify adjacent opportunities that would support this, leverage its culture of innovation, and have a high manufacturing output. The client also preferred entering markets that presented opportunities to convert non-plastic parts to plastic.

## Approach

BCE identified market opportunities that met the client's strategic criteria through a two-phased, primary research-led approach. In the first phase, BCE worked with the client to define market attractiveness criteria used to compare and prioritize markets, and outlined a scoring methodology and weightings to force rank opportunities. At the same time, BCE amassed a list of 45 potential conversion opportunities through primary research with manufacturing stakeholders and analysts spanning concrete, fiberglass, metal, and wood industries. Those that did not meet initial binary screening criteria were eliminated from further consideration.

In phase two, BCE continued primary research to better understand each of the remaining opportunities. Our engagement team built profiles for each and scored them against the attractiveness criteria. BCE was able to categorize the opportunities into three tiers and recommend several as "top tier" opportunities to prioritize for further consideration.

## Recommendations

This analysis allowed BCE to highlight three "tier 1" markets that aligned with the client's value proposition, differentiators, and market size threshold. BCE weighed the pros and cons of each, and noted trends impacting their attractiveness.

To pursue adjacent market growth, BCE also proposed that the client clearly define its mid-term strategic and financial objectives, more deeply assess the viability of top tier opportunities (including feasibility from technical and cost perspectives), and examine how identified opportunities could overlap with its existing growth initiatives.

### Overview: Product 10 (#3)

Product 10s score well across categories, but are relatively weak in terms of annual unit volume

Product 10		
Definition	Product Description	Container for removing and retaining Waste Product 10 in kitchen and restaurant areas where food is prepared
	Requirements	WPMO, PDI G, CSA, ASME, ICC, ASTM certifications
	Current Materials	Material 2A, coated Material 4, trending toward Material 1
Customer	Sizes	Small: 27" x 23" x 12" Large: 68" x 33" x 38" Flow rate typically 10-100 gpm, but can range to 500 gpm
	End User	Highly fragmented and geographically diffuse
Market Size	Channel	Fragmented (~100 equipment distributors and dealers; 1000s of contractors) Major wholesalers include Distributor 3 and Distributor 4
	Unit volume	68,324
Competitive Landscape	Estimated Unit Cost	~\$505 - \$700 (\$2000)
	Major competitors	Material 1: Company 125, Company 127, Company 122, and Company 123 Material 4: Company 123
Regulatory Environment	Fragmentation	>50 manufacturers
		EPA NPDES permit program delegated to the states, then city or county utilities' management programs or plumbing government (varies by jurisdiction)

Product image

Product 15, Product 9, and Product 10 are Tier 1 opportunities, driven by their market size and alignment with Client value proposition and differentiators

