## Adjacent Market Growth Strategy Case Study

Global obstruction lighting manufacturer assess adjacent market opportunities

January 21, 2024 1



Approach

An obstruction lighting business unit within a publicly traded international industrial products conglomerate seeking to drive revenue growth engaged BCE to assess two client identified adjacent market opportunities: 1) European obstruction lighting and 2) North American marine aids to navigation. The client asked BCE to assess the attractiveness of each adjacent opportunity and develop a set of strategic recommendations to enter these markets.

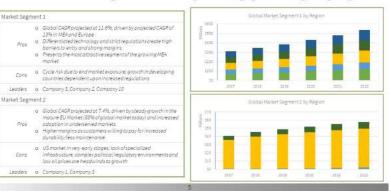
BCE began its analysis by conducting a thorough review of ~200 secondary sources including industry data sets, journal articles and competitor SEC filings. BCE then conducted primary research interviews ~130 primary sources including customers, competitors, channel partners, industry analysts and regulators.

BCE's research focused on customer assessment, channel dynamics, competitive overview and regulatory insights. BCE then utilized data collected to develop a market projection tool including market size, segmentation, and growth projections by segment.

BCE then synthesized and analyzed all data collected to assess the relative attractiveness of each market opportunity based upon the addressable market, client positioning, channel alignment, and competitive intensity.

## Target end markets

BCE has identified the Market Segment 1 and Market Segment 2 as high-growth and high-margin segments



## Build, Buy, Partner options

Acquisition is the best option for the Client's market entry, assuming reasonable deal terms can be reached

An alysis of Market Entry Options: Build, Buy, or Partner?		
Options	Pros	Cons
Organic Entry	Centrol Nondkissociated with integration	Longer timeframe to achieve scale – more likely to miss some growth opportunities Mary gaps to fill     Wask product development/innovation     Lack of channel (both markets)     Lack of channel (both markets)     Lack of channel (both markets)
Acquisition	Faster path to scale Position to acainer growth opportunities in U.S. Accounts installed base land potentially valuable long term contracts) Fast access to coutoners and channels. Potential to gain valuable P and stenger innovation capability Can ponetact Market 1 and Market 2 with high camaciton Clannedia opportunities exist, with larget companies carrying minimal bagagge outside of Clenn timest areas:	Add infrarent in acquisition United set of attractive sargets
Partnership	Can mitigate risk associated with acquisition integration	Weak IP protection = mid-long term risk of partner appropriating trade secrets to compose with Client Dear not provide local manufacturing presence Lack of channel security

## **Recommendations**

BCE identified, analyzed, and evaluated organic and inorganic market entry options for each adjacent market, and recommended a multi-step acquisition approach to allow the client to create a global presence leveraging channel synergies. BCE identified and recommended acquisitions targets, and a sequenced approach to executing the strategy.