

Building System Segment Market Analysis and Entry Strategy Case Study



Building systems company develops market entry strategy for key adjacency

Background and Objectives

Leadership at a small but rapidly growing industrial products company recently engaged BCE Consulting (BCE) to identify, assess, and prioritize adjacent growth opportunities in the U.S. As an output of this exercise, BCE identified a specific building system product segment as being best aligned with Client's current customer, channel, and business model.

The client decided to pursue this market adjacency, and needed help developing a market entry strategy. The client asked BCE to refine its market forecast by product size, technology, end user, region, and new vs aftermarket, refine its understanding of channel and competitor dynamics, analyze market entry options and prioritize segments for pursuit, and recommend strategies and tactics for the client to enter and grow in this new space.

BCE interviewed more than 85 market participants to develop its analysis, including distributors, installers, customers, regulators, and competitors.

The project began by developing a refined view of product segmentation, accounting for installation location, design, size, and material. We then collected a mix of open source and primary source data to build a detailed market forecast accounting for the variety of building types that require these systems.

BCE's market analysis pointed the client towards the medium size segment of the market, which accounted for the largest unit volume and second largest market value, best customer and channel alignment, and also had the most potential for material conversion over the next five years. From there, we developed a detailed analysis of the value proposition of the clients preferred technology in the target market segment, finding strong demand among both end users and channel partners.

Among the elements of the value proposition BCE found that total cost of ownership was a key driver of technology conversion, with newer technology and materials increasingly displacing traditional designs.

Finally, BCE pivoted to examining the competitive dynamics and the client's options for acquisition. BCE's analysis revealed only five players had reasonable share of the client's target market, with one specializing in the client's target market segment. BCE analysis suggested only two of these competitors would be potentially viable targets, as others were captive or unattractive businesses.

Approach

Recommendations

BCE recommended the client pursue the medium size building system segment, through acquisition if possible and organically if a deal could not be made. The client engaged both targets but found each was unwilling to sell. This led the client to initiate organic development of a solution leveraging its core materials and manufacturing technology and IP.

