

Diversifying your business.



BUSINESS CHECKLIST

Diversifying your goods, services, or income streams can provide a safety net against market volatility, seasonal fluctuations, or declines in a particular area of business. It also opens new avenues for growth and can make your business more resilient in challenging times.

Diversification

- Expand your product lines
- Modify your existing products
- Create bundled offerings
- Offer customized versions of your products

Market diversification

- Cater to different customer segments
- Target new geographical regions or countries

Acquisition and partnerships

- Partner with other companies
- Merge with other complementary businesses
- Form alliances with complementary businesses

Revenue model diversification

- Rent out equipment, space or assets
- Implement subscription-based revenue model
- License your brand, tech or business model
- Offer services related to your core business
- Generate income from intellectual property

Channel diversification

- Enhance your online presence
- Partner with retailers to increase offline presence
- Collaborate with wholesalers & distributors

Credit diversification

- Consider Coast Capital Business credit cards
- Consider operating lines of credit
- Consider auto & equipment financing
- Talk to a Coast Capital Business Advisor

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Product or service diversification

Expand your product lines

Expanding product lines may increase revenue, attract new customers, and provide more value to existing ones. To implement this, you could identify gaps in your current product offerings and conduct market research to understand customer needs and preferences.

Modify your existing products

Modifying existing products allows you to adapt to changing market trends and customer preferences without completely overhauling your product line. Collect and analyze feedback from your existing customers to identify areas for improvement or modification in your current products. Make necessary adjustments or enhancements to your products based on feedback, focusing on aspects that can enhance their appeal, functionality, or relevance in the market.

Create bundled offerings

Creating bundled offerings may increase sales by offering customers a cost-effective and convenient way to purchase complementary products or services. Select items or services that naturally go together and provide added value when purchased as a bundle. For example, if you run a spa, you might bundle a massage with a facial. Determine a competitive and attractive price for the bundled package. Ensure that the bundled price offers customers savings compared to buying the items individually, encouraging them to choose the bundle.

Offer personalized or customized versions of your products or services

Offering personalized or customized versions of products enhances customer satisfaction, fosters loyalty, and differentiates your business in a competitive market. Collect data and feedback to create customer profiles that guide your customization efforts. Develop options for customization, such as personalized product features, packaging, or service add-ons. Ensure these options align with customer desires.

You could also create new products or services that align with your brand and customer demand, ensuring they complement your existing offerings while providing innovation and diversity.

Market diversification

Target new geographical regions or countries

For some businesses, expanding into new geographical regions or countries opens untapped markets and diversifies revenue sources. Conduct thorough market research to identify potential regions or countries with demand for your products or services. Analyze factors like market size, competition, and regulatory requirements. Develop a clear entry strategy, which can involve partnerships, franchising, ecommerce expansion, or setting up physical locations, depending on your business model and target market. Adapt your offerings to suit the local culture, language, and preferences of the new region or country. Visit the [international trade and investment section](#) of the Government of Canada website for information on exporting.

Identify and cater to different customer segments

Identifying and catering to different customer segments within your current market allows you to tailor your products or services to the specific needs and preferences of diverse customer groups. Analyze your existing customer base to identify distinct segments based on factors such as demographics, buying behaviour, and preferences. Consider offering variations of your products or services that cater to the specific preferences of different segments. This could include different product features, packaging, or pricing options.

Acquisition and partnership diversification

Purchase or merge with other businesses

Purchasing or merging with other businesses in related or complementary industries may lead to increased market share and economies of scale. Conduct thorough due diligence to identify potential businesses that are a good fit for acquisition or merger. Assess their financial health, operations, and compatibility with your business. Seek legal and financial advice to navigate the complexities of the transaction, including legal contracts, financial arrangements, and regulatory compliance.

Continuously collect and analyze customer feedback to refine your segmentation and tailor your offerings further based on evolving customer preferences.

Partner with other companies

Partnering with other companies to create new products, services, or ventures can foster innovation, access additional resources, and open up new revenue streams. Seek out companies that have complementary expertise, resources, or customer bases. Align your goals and values with potential partners. Draft a clear collaboration agreement that outlines each party's roles, responsibilities, and expectations, including intellectual property rights, revenue-sharing, and exit strategies.

Form alliances with complementary businesses

Forming alliances with complementary businesses may enhance competitiveness, expand offerings, and reach new customer segments. Seek out businesses in related or complementary industries that can provide value to your customers and vice versa. Ensure that your alliance partners share common goals and values, creating a strong foundation for collaboration. Explore joint ventures, co-marketing campaigns, or bundled offerings that leverage the strengths of both businesses to provide added value to customers.

Work together to develop innovative products or services that leverage the strengths and resources of each partner, ensuring they address market needs.

Revenue model diversification

Implement subscription-based revenue models

Implementing subscription-based revenue models could provide a stable and predictable stream of recurring income. Develop subscription plans or tiers that align with your products or services. Offer value-added benefits or exclusive content to entice customers to subscribe. Set competitive and reasonable subscription prices that reflect the value provided. Consider offering different pricing tiers to cater to various customer segments. Invest in a reliable subscription management platform or software to handle billing, renewals, and customer communication efficiently.

Seek out potential licensees who have the resources and expertise to effectively leverage your assets.

License your brand, technology or business model

Licensing your brand, technology, or business model to others may generate additional revenue streams and expand your business' reach without significant capital investment. Ensure that your brand, technology, or business model is properly protected through [patents](#), [trademarks](#), or copyrights before entering into licensing agreements. Conduct due diligence to assess their credibility and alignment with your brand. Draft clear and comprehensive licensing agreements that define the terms, duration, fees, and any restrictions associated with the license.

Highlight the value your consulting services bring to your customers.

Offer consulting, training, or maintenance services

Offering consulting, training, or maintenance services related to your core business can diversify income streams, enhance customer loyalty, and leverage your expertise. Identify areas within your core business where you can offer consulting, training, or maintenance services. These services should align with your expertise and customer needs. Develop service packages with clear objectives, deliverables, and pricing structures.

Rent out equipment, space or assets you're not using

Renting out equipment, space, or assets you're not using may generate extra income from underutilized resources. Identify equipment, space, or assets that are currently unused or have excess capacity. Ensure that you have the necessary permits, insurance, and legal agreements in place to rent out these resources, complying with any local regulations. Set competitive rental rates that reflect the market value of the assets and consider offering discounts for longer-term rentals or repeat customers.

Leverage patents, trademarks and copyrights

Leveraging patents, trademarks, copyrights, or proprietary technology can protect your intellectual property (IP) and may create opportunities for income generation. Ensure that your patents, trademarks, copyrights, or proprietary technology are properly registered and protected, both domestically and internationally. Explore licensing agreements with other businesses or individuals who wish to use your IP. Set clear terms and royalty rates for the use of your IP. Use your proprietary technology to develop new products or enhancements that can be brought to market, potentially generating additional revenue.

Channel diversification

Develop or enhance your online presence

Developing or enhancing your online presence, including ecommerce platforms and digital marketing can expand your reach, drive sales, and improve customer engagement. Create a user-friendly, mobile-responsive website that showcases your products or services, provides essential information, and facilitates easy online transactions. Implement an ecommerce platform on your website to enable online sales. Optimize your website for search engines to improve its visibility in search results. Use relevant keywords, meta tags, and quality content to attract organic traffic.

Increase your offline presence

Opening physical stores or partnering with retailers to increase your offline presence may help reach customers who prefer in-person shopping and expand brand visibility. Conduct thorough research to identify strategic locations for physical stores or retail partnerships, considering factors like foot traffic, target demographics, and proximity to competitors. Invest in store design and layout that aligns with your brand identity and provides a welcoming and memorable customer experience.

Collaborate with wholesalers, distributors, or intermediaries to reach new customers

Collaborating with wholesalers, distributors, or intermediaries can help expand your market reach and access new customer segments. Identify reputable wholesalers, distributors, or intermediaries who have a strong presence in your target markets and cater to your customer demographics. Establish clear distribution agreements that outline the terms, responsibilities, pricing, and expectations for both parties. Ensure legal compliance and protect your interests.

Ensure secure payment processing and user-friendly shopping cart functionality.



Consider credit diversification

- [Coast Capital Business credit cards](#) — Earn rewards with daily spending, while improving your cashflow
- [Operating lines of credit](#) — Flexible access to short-term cashflow needs, optimize your cashflow
- [Auto & Equipment Finance](#) — options to buy or lease your business asset purchases
- Talk to a Coast Capital Business Advisor to learn more about the many ways to diversity your credit facilities to help lower expenses and boost profitability

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