Unearthing the Latent Demand to Grow

Over the past few weeks, we have been discussing the change in the marketplace oversupply. If we are going to grow our companies, we need to figure out how to zero in on the right demand sectors. To do this, you first must figure out your demand profit pools. So, what are those? Demand profit pools are the areas of untapped demand that we as business owners may not be aware of because we haven't dug deep enough.

In "How Companies Win," Kash and Calhoun discuss this and cite an example of the dog food industry. This industry provided bags of food under standard segments based on large, medium, and small dogs. The food was then segmented under dry/bagged or wet/canned. There was very little vision and, as Kash says, "absolutely no proprietary insights."

They finally looked at the demand landscape. This takes a look at everything ahead of you, such as valleys, rivers, towns, hills, and whatever else may be out there. The analysis is done with a variety of surveys, focus groups, market research, and other techniques that break down the demand pools by tastes, customer characteristics, lifestyles, needs, and desires. All these combined create the demand landscape.

After this type of analysis on the dog food industry, demand pools were broken up, not by breed or size, but in the relationship that owners had with their dogs. They were broken down by marketing the dog as a child, the dog as part of the family, the dog as an active partner, the dog as a pet, and

the dog as a farm implement. As you might imagine, the dog as a child was the high profit center, and the dog as a farm implement was the low profit center. This awareness caused the pet food company to align their products with the right demand and create greater distinctions with each brand, so they avoided competing with themselves.

What if you could find the answers to the questions Kash and Calhoun propose in their book?

- Find the high-profit consumers who can raise your margins and revenues
- Understand current, latent, and emerging demand
- Determine which channels are growing and which channels are slowing
- Assess where your competitors are strong and where they are weakest
- Understand the media habits of your most important consumers
- Identify the best potential opportunities for innovation
- Build a financial model for resource allocation to drive faster growth
- Develop insights about the demand of your most profitable customers

Having these answers is the way to deal the increasing oversupply economy that we now have and to create the demand that is needed to grow your business. What are you doing to dig deeper?