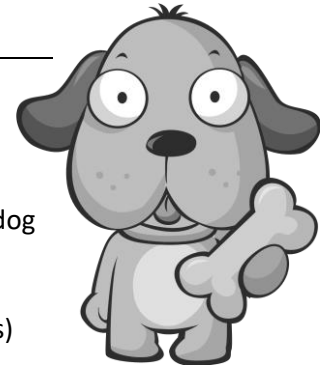


## Just Grow It! (but how?)

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Your business is called “Dog Day Afternoon”, a dog grooming business, and you are exploring growth opportunities for your partnership.



Work in small groups to develop THREE possible growth strategies for your dog grooming business. The three strategies should include:

- Strategy 1: Intensive Growth Strategy (developing new products or new markets)
- Strategy 2: Integrative Growth Strategy (blending businesses together with acquisitions/mergers)
- Strategy 3: Diversification Growth Strategy (offering products that are completely different from the core business)

You should prepare a detailed Post It Pad presentation outlining your three growth strategies. The finished presentation include:

- An Analysis of Current Situation
- Strategy 1: Your Idea (be very detailed!) / Pros and Cons (use the market research in the case)
- Strategy 2: Your Idea (be very detailed!) / Pros and Cons (use the market research in the case)
- Strategy 3: Your Idea (be very detailed!) / Pros and Cons (use the market research in the case)

### WHAT YOU KNOW

Here is what you know about your market:

You are already in the dog grooming business. Your business is called “**Dog Day Afternoon**”. Over time, you’ve become aware of the need for some type of service to help out dog owners. You’ve noticed when people bring the dogs in the shop, it is sometimes a hassle to find the time to make sure the dog’s needs are taken care of (e.g., take him/her to the vet or the groomer, get the right dog supplies and food, walk and care for the dog). You realize that meeting these needs could be a good addition to the grooming services your business already provides. You have been talking with investors about growing your business through these new services. The new services that you might provide are:

- Dog walking
- Dog sitting
- Regular veterinarian visits
- Pick-up and delivery to groomers
- Pick-up and delivery of dog food, treats, and dog care products

### Who is your market?

Because of your experience in the grooming market, and detailed records and surveys, you know the following about your customers:

- 60% female, 40% male
- 50% of customers are 30-45 years old. 50% are 46-65 years old.
- Average spending per visit in store = \$35.
  - \$25 of this is grooming, \$10 of this is products.
- Average visits to store per day (6 days per week) = 20.
- Daily average revenues = \$700, weekly = \$4,200, annual = \$218,400.
- Average profit = 20%. Net income (\$218,400 x 20%) = \$43,680.

### What Are Your Customers’ Likes and Dislikes?

In a survey you gave customers in preparation for the investor meeting, you got the following results out of 100 surveys:

- Top “likes” (90% of those surveyed gave these answers as their top 3) = dog ready on time, service with a smile (groomer remembers dog), able to pick up grooming products at same time.
- Top “dislikes” (90% of those surveyed gave these answers as their bottom three) = hair on floor, can’t buy dog food or other dog products outside of grooming.

You did not realize the customers were so bothered by hair on the floor. You have hired a local high school student interested in the dog grooming business to sweep up after school. If you expand and offer other products, this will take care of the second major challenge area.

**Where are they?** In the same survey mentioned above, you uncovered the following information.

- 75% of clients live within a 3 mile radius of the shop.
- 25% live outside this radius, but, come especially to the shop because they like it.

**How should you price your product or service?** In the survey, you also asked the customers what they would expect to pay for the new services you wanted to offer. This is what they said:

- Dog walking – Approximately \$10 per walk.
- Dog sitting - \$25 per day, \$50 for weekend.
- Regular veterinarian visits - \$100 per visit.
- Pick-up and delivery to groomers - \$10 in addition to grooming.
- Pick-up and delivery of dog food, treats, and dog care products – free to pick up groomer dogs and on orders of \$35 or more. \$5 on orders of less than \$35.

**When should you start this new part of your business?** The survey asked customers about their needs now, and in the future, for the services and if they would come to “Dog Day Afternoon” for these services. This is what they said:

Dog walking

Need currently: Low. Come to Dog Day Afternoon? No, use neighborhood kids.

Dog sitting

Need currently: Low. Come to Dog Day Afternoon? No, use neighborhood kids.

Regular vet visits

Need currently: Moderate. Come to Dog Day Afternoon? Maybe, vet would need to be on-site.

Pick up and delivery to groomers

Need currently: High. Come to Dog Day Afternoon? Yes.

Pick up and delivery of dog treats and other items

Need currently: High. Come to Dog Day Afternoon? Yes.