2. Going for market share

Profitable growth companies think the challenging business environment expected for this year provides an excellent opportunity to grow share (85%, +33 percentage points higher than all other companies). They are more likely to say growing share is one of their top priorities. The top companies in our financial analysis are all growing share relative to their peers on a three-year basis. Such share growth is important as, among other benefits, it helps improve unit volumes and opens subsequent opportunities for economies of scale.

How do they plan to go about it? Some may raise prices yet keep them lower than competitors and use promotions. The potential to undercut on price is there as those companies that don't anticipate profitable growth may have their hand forced—they are four times more likely to say their input prices are increasing significantly. Seven in 10 profitable growers are looking to grow their share by investing in emerging markets. And as pointed out earlier, they are investing in more innovative products to attract changing consumers. But the most dramatic differences are in marketing (including digital marketing) and expanding by acquisition.

Going for market share	Profitable growers	All others	Percentage point (pp) difference
Plan to increase market share in 2023	85%	49%	+36 pp
Investing more in marketing and advertising	79%	30%	+49 pp
Prioritize expanding by acquisition*	48%	21%	+27 pp

Based on Deloitte's analysis of executive interviews for the *2023 consumer products industry outlook*. N = 150: Comparing responses of Increased Somewhat and Increased Significantly. *N = 53: Comparing responses of One of our very top priorities and A clear priority.

3. Creatively transforming

Profitable growers are changing their businesses as consumer needs evolve. For some (two-thirds), this involves transformation through divestitures and portfolio optimization. Creative examples in the marketplace include joint ventures and innovative partnerships with private equity to turn over businesses that would operate better externally. Some brands might even be able to form private equity funds to facilitate these deals.

Profitable growers are doing something else unique: vertical integration. Integration may provide flexibility in times of significant turbulence. It is not without potential downsides, but it can be used as a lever to gain greater control, ensure supply, and protect margins from input cost increases. Ratings agencies and financial firms suggest vertical integration is behind the success of meat companies in recent years, crediting integration with increasing their efficiency, providing a natural hedge to input price swings, and improving traceability.[14] In another example, research in the fashion industry reflects backward integration enables companies to gain more data and improve their ability to make product-specific claims, such as around sustainability.[15]

Creatively transforming	Profitable growers	All others	Percentage point (pp) difference
Pursuing vertical integration as a strategy (i.e., owning more parts of the value chain)	68%	32%	+36 pp
Investing in divestitures and portfolio optimization	66%	44%	+22 pp

Based on Deloitte's analysis of executive interviews for the *2023 consumer products industry outlook*. N = 150: Comparing responses of Agree and Strongly Agree or responses of Significant Investment and Moderate Investment.