

European Growth Study

Ways to profitable growth.
What can we learn from
successful companies?

SIMON 
KUCHER
Unlocking better growth

European Growth Study

This study aimed to uncover the strategies employed by successful companies in navigating macroeconomic challenges to attain profitable growth and meet their growth targets.

To address this inquiry, we conducted surveys with key decision-makers from prominent European companies, exploring their growth expectations and business outlook.

This brochure showcases the results and provides valuable insights on how successful companies navigate current macroeconomic challenges, identify growth opportunities, and leverage key technologies for advancement. It serves as a valuable resource for strategic decision-making.

Explore further insights on the upcoming pages regarding:

1. Growth targets
2. Market environment challenges
3. How to position for growth
4. Technology as a growth driver
5. Growth levers driving success
6. A focus on profit and growth

Key data

Countries in which the study was conducted: Austria, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Poland, Spain, Sweden, Switzerland, United Kingdoms

N= 1,325 in Europe
N= 52 in the Netherlands

Online survey by Simon-Kucher, based on the Top Decision Maker Panel from **YouGov**

Survey in June 2023



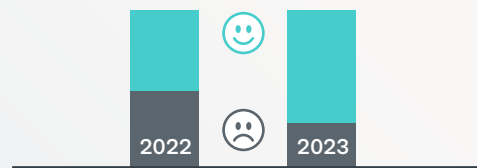
Growth targets

Our study shows that European companies are more confident than in the previous year. Compared to the achievement of the 2022 growth targets, the forecast for 2023 is more optimistic.

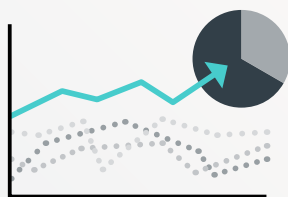
At a glance:



43,5% of the companies surveyed did not achieve their revenue and profit targets for 2022



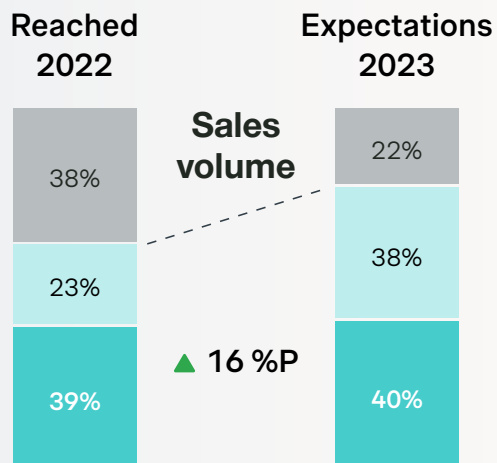
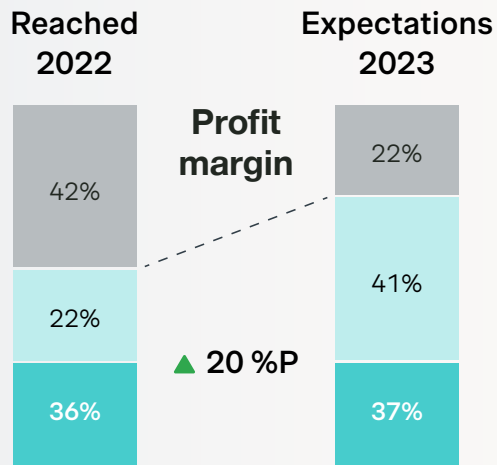
Around **24,5%** of companies expect that they will not achieve their growth targets in 2023 either



77% of the companies consider themselves to be better or equally well positioned compared to their competitors



It is important to **analyze and use** the relevant **growth levers** in order to stay ahead of the competition



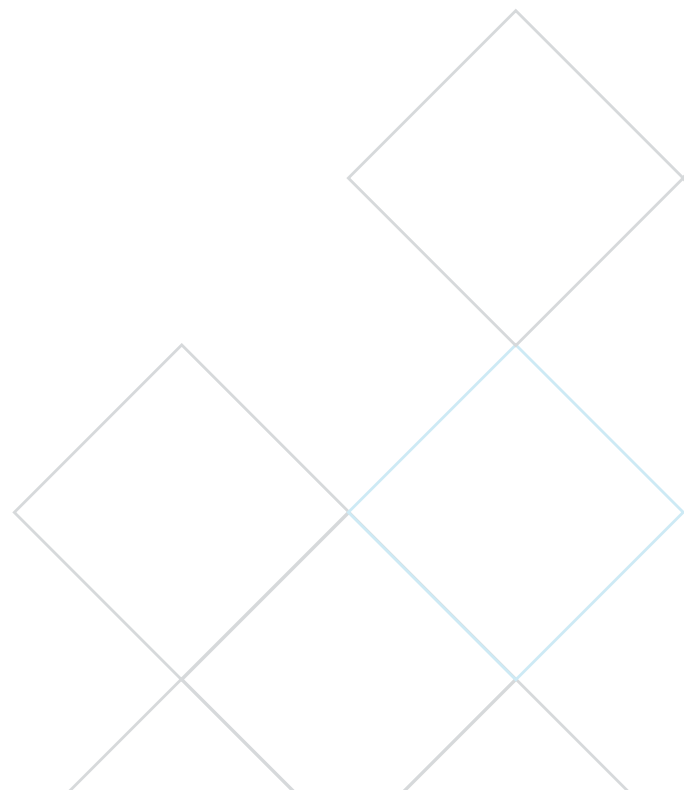
- Expectations not fulfilled
- Expectations fulfilled
- Expectations exceeded

Cautious optimism also applies to the growth targets for profit margins and sales volumes.

In terms of margin targets, there is an even split between achieving, exceeding and missing targets in 2022. The assessment for 2023 is 20% more optimistic. Nevertheless, around a quarter of respondents do not expect to achieve their profit margin targets.

A similar picture emerges in the sales volume category. Above a third of respondents did not achieve their targets in 2022.

However, with an increase of 16%, the forecast for 2023 is also somewhat more optimistic. 78% of respondents assume that they will achieve or even exceed their sales volume target in 2023.





With the right commercial excellence strategy, companies have a much better chance of achieving their growth targets. Companies must consistently orient their offerings towards the market and their customers.

Arjen Brasz, Partner

Market environment challenges

Which external factors and macroeconomic events are slowing down growth for companies based in Europe?

1.

Inflation

Inflation remains a negative influencing factor for 44 percent

2.

Energy crisis

The energy crisis is also seen by 42 percent as a negative factor influencing growth

3.

Political instability

Political instability (such as the war in Ukraine) is a cause for concern for 40 percent of the companies surveyed

4.

Skills shortage

The shortage of skilled workers is slowing down growth for 39 percent of respondents

5.

Recession

The current recession is having a negative impact on 36 percent of respondents

6.

Supply chain problems

Supply chain problems are also seen as a negative impact by 35 percent of companies

How to position yourself for growth

1. Rely on commercial excellence with marketing, product, pricing and sales growth levers



2. Consistently align your products and services with the market and your customers



3. Set pricing strategies effectively



4. Utilize the potential of new technologies



5. Do not miss any opportunities to grow with new products, new customers and business models





Technology as a growth driver

How do European companies meet the challenges of our time?

Around 39 percent of companies want to use innovative technologies in the future to achieve growth, but on average only 27,6 percent are already using them today. Unsurprisingly, successful companies are already using new technologies more frequently than less successful ones.

Top 3 technological trends currently in use



+5%P

5G

5G, catalyzes growth by redefining operational efficiency. Its speed and connectivity empower enterprises, creating new possibilities and elevating strategic initiatives.

Edge

21%▶ 44%

Robotics

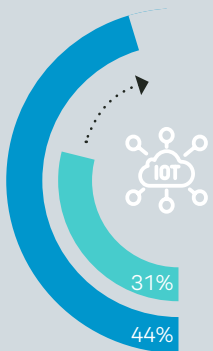
24%▶ 45%

Blockchain/NFTs

21%▶ 42%

3D printing

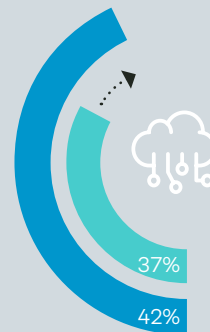
25%▶ 37%



+ 13%P

Internet of Things

With IoT, physical devices can be connected to the internet, data can be collected and automated - from smart homes to industrial optimization.



+ 5%P

Cloud and headless systems

Cloud systems enable the provision of data and applications via remote servers.

Headless systems are computers, which do not require a screen, graphic user interface such as a keyboard or mouse.

Successful companies use more new technologies than less successful ones.

■ In use ■ Planned use

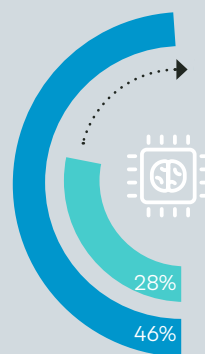
Top 3 technological trends to be used in the future



+ 18%P

Big data & advanced analytics

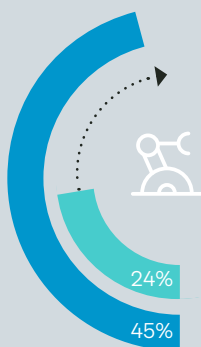
Big data & advanced analytics transform business insights. Handling vast and complex datasets, these technologies redefine decision-making, providing valuable intelligence and unlocking strategic advantages for enterprises.



+ 18%P

AI & Machine Learning

Generative AI refers to artificial intelligence that is capable of generating content, text, images or music. These systems use neural networks and learn from existing data to create new content.



+ 21%P

Robotics & process automation

Robotics & process automation refer to the integration of robotic systems and automated processes in business operations to streamline tasks, enhance efficiency, and drive strategic excellence.

The companies that set the course for more technological openness at an early stage have better growth opportunities than others.



Growth levers driving success

How do successful companies use commercial excellence for growth?

Commercial excellence means a customer-oriented approach to the design of pricing and product strategies, the sales approach and the marketing orientation. With the implementation of a commercial excellence

approach, you can transform your corporate strategy and tap into your hidden growth potential. This will increase your economic performance and company value in the long-term.

77,5 percent of successful companies rely on marketing, product, pricing and sales growth levers.

For less successful companies, the figure is less than half.

Marketing

- Brand strategy and awareness
- Marketing steering and efficiency
- Marketing channel strategy
- Marketing operating model

Product & Service Portfolio

- Product/service differentiation
- Portfolio design and packaging
- Product/service quality
- Product/service reduction/clean-up

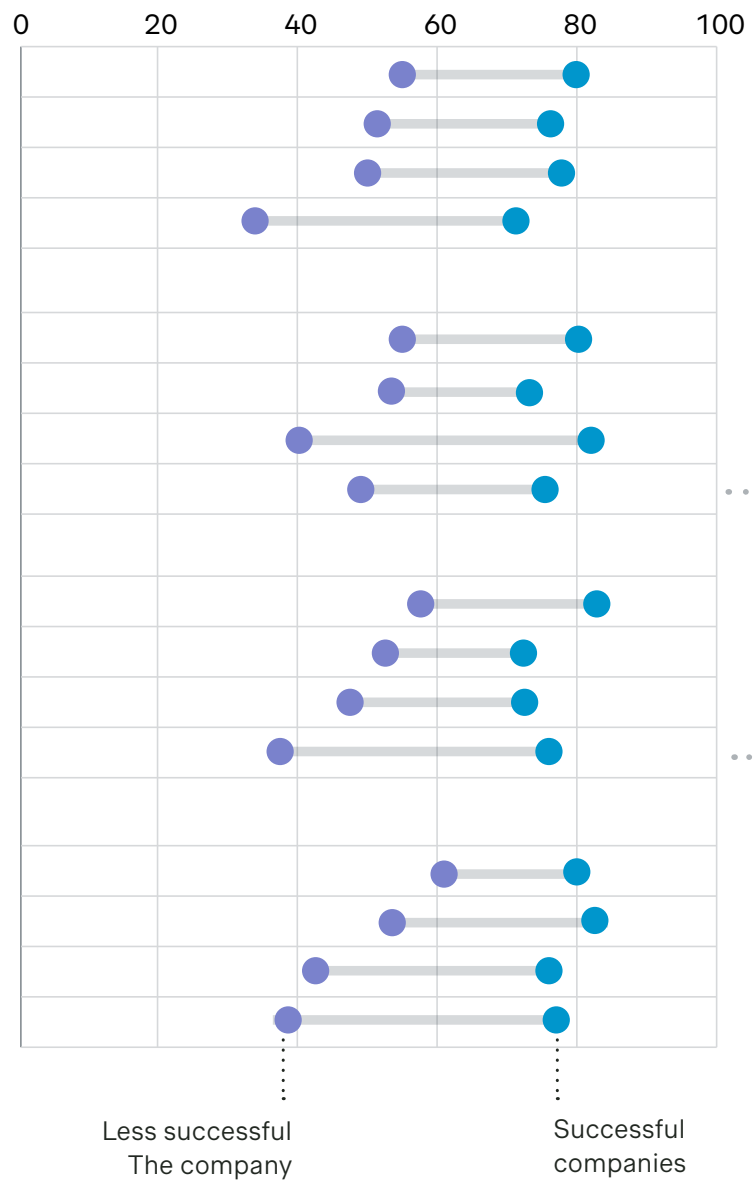
Pricing

- Price level optimization
- Discount optimization
- Promotion optimization
- Price model optimization

Sales & Customer Service

- Incentives to steer sales
- Customer service
- Sales channel strategy
- Sales operating models

% of respondents who rate the growth lever as important/very important for future profit growth



In general, companies attach great importance to growth levers in the areas of marketing, product, pricing and sales in order to grow profitably. What is the difference between successful and less successful companies? 82 percent of successful companies focus on product and service quality, compared to only 40 percent of less successful companies.

A similar dynamic can be seen in pricing. 76 percent of successful companies rely on pricing to achieve growth, whereas only 49 percent of less successful companies are using this growth lever.

An identical discrepancy can be seen in sales and customer service. Successful companies also see more potential here than less successful ones, with a considerable delta of 30 percent.

Alignment with customer and market is key. Companies not achieving their targets should focus on growth levers that help analyse and fully utilize their marketing, product and sales activities.

Top three growth levers



Price
level optimization



Customer
service



Sales steering
and incentives



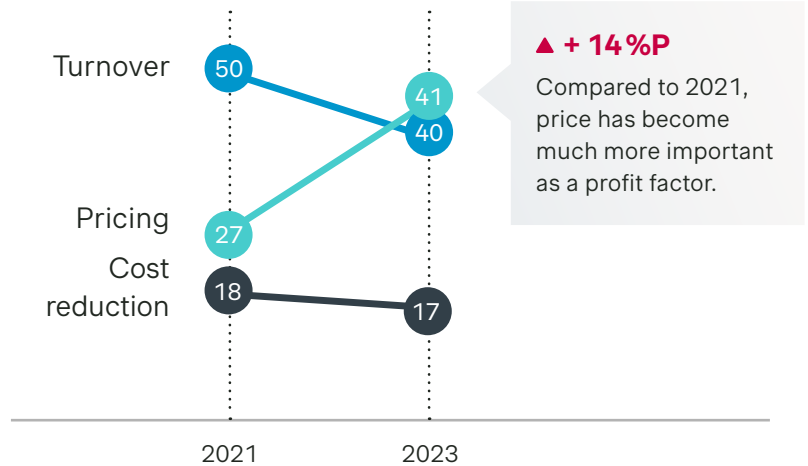
The importance of price as a professional driver has increased significantly in recent years.

Especially in the current environment with higher inflation rates, companies have understood that correct pricing is essential.

Andreas von der Gathen, CEO

A focus on profit

Which profit drivers are particularly relevant for companies?



Pricing is up 14 percent compared to 2021 and is cited by 41 percent as the most important profit driver. This development is in line with the current macroeconomic environment and persistent inflation, which is leading to a focus on the right pricing for companies.

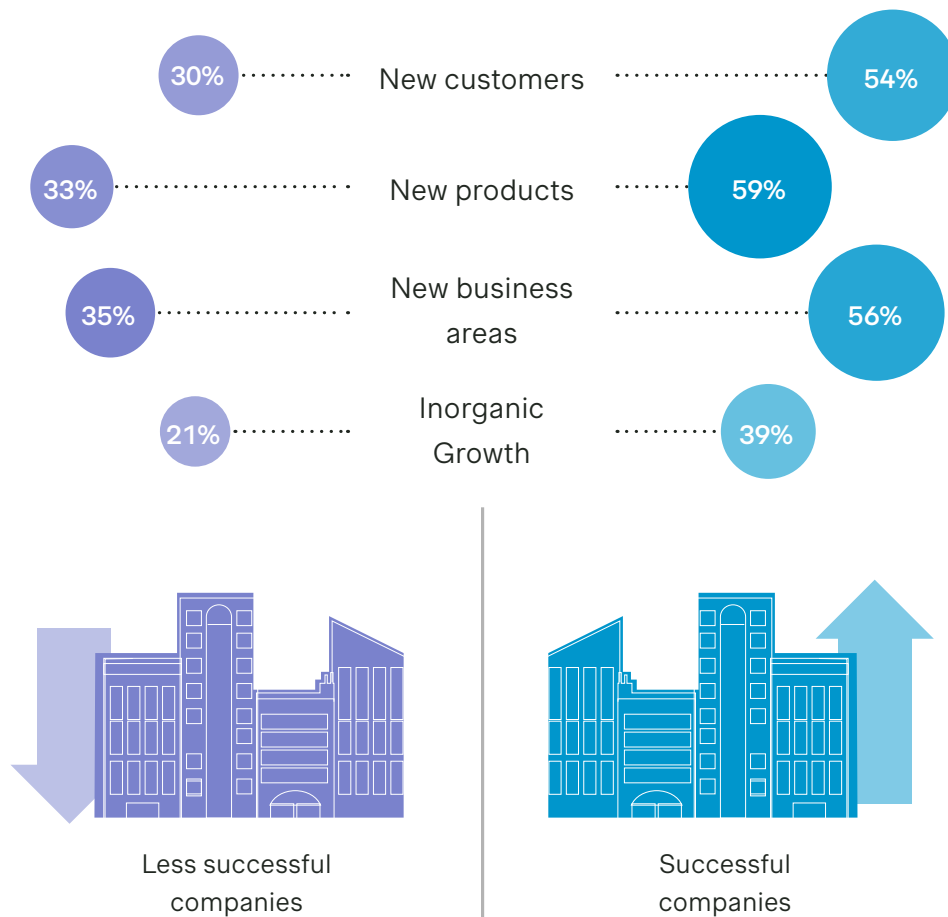
Price has become significantly more important as a profit driver replacing sales volume. Sales volume has lost 10 percent of its importance as a profit driver compared to 2021.

Companies only see saving measures and cost reductions as opportunities for long-term growth to a limited extent. Compared to 2021, even less relevance is attached to this profit driver.

Focus on growth areas

In which areas are European companies planning to grow?

The study shows that in uncertain times, companies tend to prefer the familiar and focus on their core business. The vast majority of companies are primarily planning to grow organically and prefer to focus on existing business models, customers and products. This is understandable in uncertain times, but companies should not underestimate the potential of new areas.



CONCLUSION

Drivers of profitable growth

In our European Growth Study, we examined the growth expectations of European companies for 2023 and the significance of growth drivers and obstacles. We also explored what distinguishes successful companies from less successful ones, and what we can learn from successful companies.

1. New technologies

New technologies are increasingly being used by successful companies (e.g. AI & machine learning, IoT and cloud technologies).

3. Brand

Less successful companies often overestimate brand value as the sole driver of growth. It takes outstanding offers, products and services before a company can build true brand value.

2. Commercial excellence

Successful companies have understood the importance of commercial excellence and rely on growth levers from the areas of branding, product, pricing and sales.

4. New segments

Successful companies are also focusing on new customer and product segments and new business models.



Do you have any questions?

Whether in the commercial development of innovative technologies or the use of Commercial Excellence - the experts at Simon-Kucher can help your company to achieve sustainable & profitable growth.

Simon-Kucher: unlocking better growth

Simon-Kucher is Europe's leading consultancy for pricing and corporate growth.

Simon-Kucher is a global management consultancy with over 2,000 employees in 30 countries worldwide. Our focus is on unlocking better growth that drives measurable revenue and profit growth for our clients.

In doing so, we optimize every pillar of a company's strategy - from product, price and innovation to marketing and sales. Commercial excellence is implemented through pragmatic measures which can improve your economic output and performance.

With more than 37 years of experience in monetizing topics of all kinds - we are regarded as the world's leading pricing and growth specialist.

**Are you interested in the complete study results?
Please contact us: data@simonkucher.com**



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