INTENSIVE GROWTH STRATEGIES
An intensive growth strategy is a growth strategy that focuses on cultivating new products or new markets, and sometimes both. Businesses use an intensive growth strategy when they believe they haven't fully realized their strengths or their markets. This strategy is best described as "doing more of what you are good at doing." The three most common types of intensive growth strategies are:

Market Penetration. Market penetration is an intensive growth strategy that emphasizes more intensive marketing of existing products. This strategy has two goals: sell more to existing customers and sell to new customers in existing markets. Both goals require extensive, and expensive, marketing (advertising, promotions, and so on). However, market penetration is a way for a business to increase its profits by taking advantage of its existing skills, experience, and knowledge about its target markets. It is a popular growth strategy for small businesses.

Market Development. Market development is an intensive growth strategy that focuses on reaching new target markets, such as customers in another geographic area or customers who have different demographics from current customers. A retail store might open a branch in a new city or develop a Website to sell its products online.

Product Development. Product development is an intensive growth strategy in which businesses develop new products or enhance their existing products. Enhancements may include bonus features or new packaging for products. For example, they could add small toys as extras to cereal boxes. Product development is typically costly for a business but can be a successful means of growth if the new or enhanced offering is popular with customers.

INTEGRATIVE GROWTH STRATEGIES
An integrative growth strategy is a growth strategy that emphasizes blending businesses together through acquisitions and mergers Integrative growth strategies are typically more expensive than intensive growth strategies and are usually practiced by mature businesses with large cash flows. There are two types of integrative growth strategies:

Vertical Integration. An integrative growth strategy in which one business acquires another business in its own supply chain, but not at the same supply chain level) is a vertical integration strategy. An example of this type of growth strategy is when a retail store buys a wholesaler. Another example is when a manufacturing business buys a retail store in which its products are sold.

Horizontal Integration. An integrative growth strategy in which one business acquires another business at the same supply chain level as itself is a horizontal integration strategy. When one manufacturing company buys another manufacturing company, that's a horizontal integration strategy. The acquired business may be a competitor or a business in a completely different industry.

DIVERSIFICATION GROWTH STRATEGIES
Every business has a core business, which is the most important focus of the business. For example, the core business of McDonald's is selling fast food. A diversification growth strategy is a growth strategy in which a business grows by offering products or services that are different from its core business. There are two types of diversification growth strategies:

Synergistic Diversification. A growth strategy in which a business adds new products or services that are related to its existing products or services is a synergistic diversification. A clothing store that begins selling shoes practices this type of growth. So does an event-planning business that begins to offer catering services.

Horizontal Diversification. A growth strategy in which a business adds new products or services that are not related to its existing products or services but appeal to its existing target market is called horizontal diversification. Recently some large grocery stores have begun offering credit cards to their customers. This is an example of horizontal diversification. Another example would be a gas station that sells food.

Case Study

Mary Ardapple, owner of Apple's Bakery in Peoria, Illinois, has moved her business three times since she opened it in 1989. Her menu has expanded and now has three times its original offerings. She even makes her baked goods available to those outside the Peoria area through an online store. Mary is not content to conduct business as usual and is always looking for new opportunities. Currently, she is planning to add a low-fat line of baked goods to her offerings. Throughout all the moves and expansions, Mary and her team have not forgotten the company's original motto, "Where smiles are made from scratch!"

1. What type of growth strategy was Mary using in each of the examples listed below.

   A. Menu expansions:

   B. Selling baked goods online:

   C. Low-fat line of baked goods:

2. Do you think it is important for Mary and her team to always remember their original motto?

True or False

_____ 1. Market penetration is deciding to market a product or service in another town, city, or state.

_____ 2. Because increasing market share costs money, you may have smaller profits in the future even though you have a larger market share.

_____ 3. A prototype is a full-scale model of a new product.

_____ 4. One way to expand your business is to sell new products or services in addition to what you already offer.

Multiple Choice

_____ 1. Increasing market share for a product or service within a given market in a given area is (a) geographic expansion, (b) market penetration, (c) market development, (d) product development.

_____ 2. You can increase your market share by (a) offering special deals to customers, (b) buying new equipment, (c) adding managers to your staff, (d) reducing your variable costs.

Problem Solving

1. Briefly describe three broad categories of growth strategies.

2. Name the three most common types of intensive growth strategies.

3. What are the two goals of market penetration?

4. Describe the difference between market development and product development.

5. List the two types of integrative growth strategies.

6. What are the negative consequences, if any, of not allowing your business to grow?