Reasons for Business Expansion

(defensive reasons)

Protect Distribution

Ensure sale in key markets
Forward vertical integration

Pub buying a brewery

Protect Supplies

Buy raw material supplier
Guarantee supply
Backward vertical integration

Economies of Scale

Lead to reduced costs
Bigger businesses, lower unit costs
Reduced selling price

Dunes Stores - discounts from suppliers

Diversification

Merge
Totally unrelated area
Spreading risk

Carrolls - cigarettes & trout farms