

Topic- Intensive Strategies

The intensive growth strategy aims at increasing the sales revenue, profits and market share of the existing product line of the organization. It is a widely used strategy that focuses on the use of resources in a high growth product or market segment. It is more suited to the organization whose product is not in the maturity stage. Whose market share is small irrespective of the fact whether the product is in maturity or high growth stage of its life cycle.

Intensive growth strategy can be used in different ways for different organizations, Following are the ways of using this strategy in different organizations:

- Increasing the sales by finding new markets.
- Increasing the sales by focussing on the existing products in the same market and increasing the primary demand of the product at the prevailing price and with existing organizational setup.
- Increasing the sales by bringing minor modification in the product and entering new markets. For example, TV sets with wide screen or increased number of channels.
- Increasing the sales in new geographical areas within country or abroad. For example, the Transport Corporation of India has expanded its business in different states
- Increasing the sales through new pricing policies. For example, exchanging old pressure cookers for new pressure cookers.

Market penetration, market development and product development are sometimes referred to as intensive strategies because they require intensive efforts for the improvement of a firm's competitive position with the existing products. Explanations of these intensive strategies are as follows:

Market Penetration: This strategy helps in enhancing the market share for current products or services. Market penetration increases the number of salespersons, publicity efforts and advertising expenditures of an organization.

The five situations where market penetration may be an effective strategy are:

- When the current markets are not flooded with a particular product or service,
- When the rate of using products by the customers can be enhanced significantly
- When the market shares of the competitors have been falling down and the total industry sales have been rising
- When the relationship between sales and expenditures in the foreign markets has been very high in last few years.
- When a company is earning high profit due to increase in economies of scale.

Market Development: With the help of market development, a company can launch its current products or services into new geographic areas. The climate is an important factor for market development.

The six situations where market development may be an effective strategy are:

- When an organization has new sources of distribution that are reliable, inexpensive and of good quality

- When operations of an organization are profitable. When the current market is not flooded with the product manufactured by a company
- When an organization has enough of economic and human resources required to manage the expanded operations of the company
- When an organization has surplus production capacity When the basic industry of an organization is rapidly growing,

Product Development: In product development, a company can monitor the product sales by improving its present products or services. Product development involves excessive research and development expenditures. For example, the U.S. Postal Service now offers stamps and postages on the Internet, which represents a product development strategy.

The five situations where product development may be an effective strategic to pursue are:

- When an organization has successful products that are in the maturity stage of the product life cycle and wants to attract customers towards improved products.
- When an organization competes in the industry, which is rapidly developing
- When the chief competitors of an organization bring better-quality products in the market at comparable prices.
- When an organization competes in a highly growing industry,
- When an organization has strong research and development capabilities.