# 10 Strategies to Expand Business

## Idea In Short

Business expansion fails more often from a scattered approach than from a bad idea. The strongest performers pick one or two levers, market entry paired with a partnership model, or franchising paired with disciplined acquisitions, and commit resources long enough to see results. Leaders should treat this article as a shortlist:

> assess where the business already has a right to win, then match that strength to one of ten proven expansion routes, from global market penetration and e-commerce to strategic alliances, franchising, sustainability, joint ventures, mergers and acquisitions, digital transformation, customer centricity and data-driven decision making

The recommendation is straightforward. Choose the route that plays to existing capabilities, fund it properly, and measure it against revenue, cost and reputation outcomes before adding a second lever.

Startups and small businesses have added jobs and market share at a pace few predicted a decade ago, yet a large share of them stall at the same point:

> turning early traction into durable expansion

The businesses that get past that point rarely improve their product alone. They choose a deliberate growth strategy, commit capital and leadership time to it, and measure the results against clear commercial goals rather than activity. This article works through ten expansion strategies used by companies ranging from regional operators to Disney, McDonald's and Starbucks, grouped by how they create growth, so executives can match a route to their own capabilities rather than attempt all ten simultaneously.

## What Business Expansion Means Today

Business expansion covers the methods a company uses to grow revenue, market share and profitability beyond its current footprint. It is not limited to opening new locations. A business expands when it enters a new geography, adds a distribution channel, forms a partnership, acquires a competitor or changes how it makes decisions. The common thread across every method is that it increases exposure to customers who were previously out of reach, whether through new markets, new channels or new capabilities. Done well, expansion also reduces cost per unit of growth, since a company spreads fixed costs such as technology, brand building and leadership across a larger revenue base. Disney, McDonald's and Starbucks built global scale using combinations of the strategies below rather than any single tactic, which is the pattern this article follows.

## Reaching New Markets Directly

Two of the most direct expansion routes involve reaching customers who are not yet buying from the business, either by entering new geographies or by removing the physical constraints of a storefront. Companies pursuing adjacent growth, moving into markets and segments close to their existing capabilities, have delivered total shareholder returns roughly three percentage points above their industry peers, and roughly two-thirds of companies that expand this way outperform their sector.1 Both of the strategies in this section work best when a company treats them as disciplined moves into adjacent territory rather than opportunistic bets.

### Global Market Penetration

Global market penetration means entering a new geographic market with an existing product rather than building something new. A business does not need a new offering to succeed here; it needs a credible plan to win share against local incumbents. Partnering with an established local operator shortens the time to market considerably, since that partner already understands regulation, distribution and customer preference in ways an outside entrant cannot replicate quickly. This route also spreads risk, because the cost of a misstep is shared with a partner who has skin in the game. Executives evaluating this strategy should weigh the addressable market size against the cost of building local credibility, since penetration only pays off once the business has a genuine position rather than a token presence.

### E-commerce Expansion

E-commerce expansion extends a business's reach without the capital cost of new physical locations. Customers order from home and receive products or services without ever visiting a store, which removes geography as a constraint on demand. A company using this route gains access to international customers using the same infrastructure it already built for its home market, with incremental rather than proportional cost increases. It also removes the need to build multiple physical outlets, since digital storefronts scale far more cheaply than brick-and-mortar ones. The tradeoff is that digital competition is intense and customer acquisition cost online can rise quickly, so businesses need a genuine advantage in product, price or experience before expanding through this channel alone.

## Growing Through Partnerships

Partnerships let a business access markets, capabilities and customers that would take years to build independently, in exchange for sharing the upside with another company. Two structures dominate this category:

> strategic alliances, which typically operate through contracts between otherwise independent businesses, and joint ventures, which usually create a separate, jointly governed entity

Both approaches combine resources, data and talent toward shared goals rather than duplicating effort. Both also reduce head-to-head competition in the near term, since former rivals or complementary businesses work toward a common outcome instead. The difference in structure matters less than the discipline each partner brings to managing the relationship over time.

### Strategic Alliances

Forming a strategic alliance lets a company tap a partner's market access, technology or customer base without acquiring it outright. This works because each partner brings something the other lacks, and combining those assets produces a result neither could achieve alone. Despite the appeal, research from Harvard Business Review found that alliance failure rates run between 60 percent and 70 percent, a figure that has not improved meaningfully over the past two decades.2

> Alliances fail not because the business logic is wrong but because partners document a plan and then neglect the collaborative process needed to keep it working

The lesson for executives is to treat alliance management as an ongoing discipline, with shared metrics and named owners on both sides, rather than a contract signed once and revisited only when something breaks.

### Joint Ventures

A joint venture pools resources from two or more companies into a distinct entity built to pursue a specific opportunity. This structure suits situations where the target market is difficult to enter alone, whether because of regulation, capital requirements or local relationships that take years to build. Combining the expertise of both organizations gives the venture access to databases, customer insight and operational knowledge that would otherwise take much longer to assemble. It also builds credibility faster than a lone entrant could manage, since local or specialist partners bring reputation the new venture would otherwise need to earn. Governance is the recurring challenge, since shared ownership means shared decision rights, and misaligned incentives between partners can slow the venture down even when the underlying opportunity is sound.

## Scaling Through Ownership Structures

Franchising and mergers and acquisitions (M&A) both scale a business quickly by adding units or entire companies rather than growing organically store by store. They differ sharply in capital structure:

franchising shifts most of the capital risk to franchisees, while M&A concentrates capital and integration risk with the acquiring company

Both routes suit businesses that already have a proven, repeatable model, since neither works well when the underlying unit economics are still unproven. Leadership teams choosing between them should consider how much control they are willing to give up in exchange for speed.

## Franchising

Franchising lets a business grow by licensing its brand and operating model to independent owners who fund and run individual locations. This model works particularly well in markets where the brand is not yet well known, since a motivated local franchisee often builds credibility faster than a corporate outlet could. Well-known examples include McDonald's, Taco Bell, KFC and Burger King, all of which scaled internationally largely through franchise networks rather than company-owned stores. The model also solves a staffing problem, since franchisees are financially invested in selling the product and require less oversight than employed store managers. In the United States, franchising supports close to nine million jobs and generated nearly 897 billion dollars in economic output in 2024, growing faster than the broader economy for a second consecutive year.3

## Mergers and Acquisitions

Mergers and acquisitions let a business add scale, talent and customers immediately rather than building them organically over years. In a merger, two companies combine into a single entity, while an acquisition involves one company taking ownership of another; both routes reduce competitive intensity in the near term and broaden the combined customer base. Disney is a well-documented example of a company that expanded significantly through acquisitions of studios and franchises rather than organic content development alone. Deal activity has rebounded sharply, with global M&A value rising 40 percent to 4.9 trillion dollars in 2025 and deal value as a share of gross domestic product climbing from 3.2 percent to 4.2 percent.4 The strategy carries real integration risk, so executives should treat the deal close as the start of the work rather than its conclusion.

## Building for the Future

Sustainable practices and digital transformation both extend the life of an expansion strategy rather than driving growth on their own. Sustainability builds the trust that lets a business expand into new markets without facing regulatory or reputational resistance later. Digital transformation lowers the cost of running the expanded business and gives leadership better visibility into whether the expansion is working. Neither delivers revenue directly, which is why companies that treat them as bolt-on initiatives, rather than integrated parts of the expansion plan, tend to underinvest in both.

### Sustainable Practices

Adopting sustainable practices as part of expansion helps a business build the reputation it needs to enter new markets and retain customers once it gets there. What counts as sustainable varies by industry and geography, so a business should define its approach based on its own supply chain, energy use and regulatory environment rather than copying a generic framework. Businesses that make sustainability decisions at each stage of expansion, from sourcing to logistics to store design, tend to attract customers who actively seek out that positioning. This is increasingly a competitive requirement rather than a differentiator, since regulators and large customers in many markets now expect documented sustainability commitments as a condition of doing business. Executives should treat sustainability as part of the expansion business case, not as a separate corporate responsibility initiative disconnected from growth planning.

### Digital Transformation

Digital transformation supports expansion by cutting operating costs and giving leadership real-time visibility into performance across new markets and channels. Merging Artificial Intelligence [AI] and machine learning [ML] into customer-facing systems helps a business understand demand patterns faster than manual analysis would allow. Deloitte research found that only 18 percent of leaders in 2024 reported using digital transformation to fundamentally change their business, down from 44 percent the year before, with companies instead favoring targeted initiatives such as entering new markets or modernizing core systems.5 The same research found that organizations tracking most of their available performance indicators were substantially more likely to report value from the investment. The lesson for expansion planning is to define measurable outcomes before investing in new technology, rather than deploying tools first and looking for value afterward.

## Centering Customers and Data

Customer centricity and data-driven decision making both improve the odds that every other strategy in this article succeeds, since they determine whether a business actually understands the market it is entering. Neither requires large capital outlay, which makes them accessible to businesses that cannot yet fund franchising or acquisitions. Both also compound over time, since better customer understanding improves the data available, and better data improves the customer experience in turn. Executives should treat these two as prerequisites for the other eight strategies rather than a separate, optional tenth item.

### Customer-Centric Approach

A customer-centric approach prioritizes what customers actually need over what the business finds easiest to produce. Businesses that build this discipline into expansion planning tend to secure loyalty faster in new markets, since customers respond to products built around their stated preferences rather than adapted from an existing market. Implementing this well requires continuously collecting and analyzing customer feedback, then feeding that analysis directly into product and service decisions rather than filing it away. Companies that act on this feedback consistently outperform competitors that treat customer research as a periodic exercise rather than an ongoing input to strategy. The approach also reduces the risk of a costly market-entry misstep, since the business tests assumptions against real customer response before committing further capital.

### Data-Driven Decision Making

Data-driven decision making replaces assumption with evidence when a business is deciding where and how to expand. Companies that adopt this approach can identify underperforming markets or channels earlier and reallocate resources before losses accumulate. Research from MIT Sloan Management Review argues that businesses should start with the specific decision they need to make and then identify the data required, rather than starting with available data and searching for a use for it.6

> Instead of finding a purpose for data, find data for a purpose

This reframing matters for expansion specifically, since a business entering a new market often has incomplete data and needs to know which figures actually inform the decision at hand, rather than defaulting to whichever metrics happen to be available. Applied consistently, this approach also lowers unnecessary spending, since decisions get tested against evidence before capital moves rather than after.

Choosing among these ten strategies comes down to matching the route to what the business already does well, then funding that route properly rather than spreading resources across several at once. A regional retailer with strong unit economics is a better candidate for franchising than for a cross-border acquisition, while a company with a strong product but weak local relationships is a better candidate for a joint venture or alliance than for direct market entry. The strategies in this article are not mutually exclusive, and the strongest performers typically combine two or three that reinforce each other over a multi-year horizon rather than treating each as a one-time initiative.

- 1Business Growth Through Adjacent Markets
- 2Simple Rules For Making Alliances Work
- 3Franchising Exceeds Economic Expectations, Outpaces Broader Economy
- 4Looking Ahead To 2026: Getting A Boost From The Great Rebound
- 5Where Are Organizations Getting The Most ROI From Tech Investments
- 6Leading With Decision-Driven Data Analytics

## Summary

Expansion rewards businesses that choose deliberately rather than chase every opportunity at once. Global market penetration and e-commerce extend reach, alliances and joint ventures multiply capability, franchising and acquisitions add scale quickly, and sustainability, digital transformation, customer centricity and data discipline keep growth durable. None of these strategies work in isolation forever; the businesses that compound advantage over years combine two or three that reinforce each other. The task for leadership is not to attempt all ten but to diagnose which combination matches current capital, talent and market position, then execute with the same rigor applied to the core business. Growth that lasts is built on that kind of selectivity, not on activity for its own sake.