

Vertical Vs Horizontal Integration

Vertical Vs Horizontal Integration

Information text

Understanding vertical integration

Vertical integration is a business strategy where a company owns the company making the company taking control of the process, and the distribution of the final product.

Benefits of Vertical Integration

Vertical integration can provide several benefits to a company. It can control the cost of raw materials and production, it can streamline its operations and reduce the time it takes to get

Drawbacks of Vertical Integration

However, vertical integration also has its drawbacks. It is inefficient in managing the different stages of the supply chain and may find it harder to adapt to changes in the market.

Understanding horizontal integration

Horizontal integration, on the other hand, is when a company acquires other companies in the same industry or the same stage of production, thus increasing market share.

Benefits of Horizontal Integration

Horizontal integration can provide several benefits to a company. It can reach more customers, it can also take advantage of economies of scale.

Drawbacks of Horizontal Integration

However, horizontal integration also has its drawbacks. It can be bad for consumers, it can also lead to regulatory scrutiny and consolidation of monopolies.

Choosing between Vertical and Horizontal Integration

The choice between vertical and horizontal integration can vary by company. Factors to consider include the company's goals, resources and capabilities.

Examples of Vertical and Horizontal Integration

There are many examples of companies that have used vertical and horizontal integration. For example, a car manufacturer that owns its own steel plant is an example of vertical integration, while a media company that buys up other media companies is an example of horizontal integration.

The Impact of Integration on Business Studies

Understanding vertical and horizontal integration is important for business studies. It helps companies grow and compete in the market and on consumers.

Vertical Vs Horizontal Integration

Exercises

MATCH TERMS

[[0]] Match each term with its appropriate definition.

- | | |
|----------------------------|---------|
| (A) Market share | (F) Car |
| (B) Business Studies | (G) Car |
| (C) Monopoly | (H) Car |
| (D) Economies of scale | (I) Car |
| (E) Vertical integration | (J) Car |
| (K) Horizontal integration | (L) Car |
| (M) Supply chain | (N) Car |
| (O) Raw materials | (P) Car |
| (Q) Regulatory scrutiny | (R) Car |

Keyword: _ _ _ _ _

COMPLETE SENTENCES

[[0]] Match the beginning of each sentence with the end.

- | | |
|--------------------------------|----------------------------|
| (A) Regulatory scrutiny ... | (F) Market share ... |
| (B) Vertical integration ... | (G) Monopoly ... |
| (C) Supply chain ... | (H) Economies of scale ... |
| (D) Horizontal integration ... | (I) Market share ... |
| (E) Raw materials ... | (J) Monopoly ... |

Keyword: _ _ _ _ _

QUESTIONS (MULTIPLE CHOICE)

[[0]] Answer the questions!

1. What is vertical integration?
(A) A company's ratio percentage in an industry
(B) A company merging with another firm
(C) A company controlling multiple supply chains
(D) What is horizontal integration?
2. What is horizontal integration?
(A) A company's ratio percentage in an industry
(B) A company merging with another firm
(C) A company controlling multiple supply chains
(D) What is a supply chain?
3. What is a supply chain?
(A) A network between a company and its suppliers
(B) A company's ratio percentage in an industry
(C) A company merging with another firm
(D) What are economies of scale?
4. What are economies of scale?
(A) Cost advantage from business expansion
(B) A company's ratio percentage in an industry
(C) A company merging with another firm
(D) A single company dominating an industry.
5. What is regulatory scrutiny?
(A) A company's ratio percentage in an industry
(B) Governmental examination of business practices
(C) A company merging with another firm
(D) What is a monopoly?
6. What is a monopoly?
(A) A company merging with another firm
(B) A company's ratio percentage in an industry
(C) A single company dominating an industry

Keyword: _ _ _ _ _

RIGHT OR WRONG?

[[0]] State whether the statements are true or false!

- True / False
- | | |
|---|---|
| (A) (T) 1. Vertical integration can save costs. | (F) (F) 3. Horizontal integration involves controlling raw materials. |
| (B) (F) 2. Vertical integration leads to monopolies. | (G) (T) 4. Horizontal integration can increase market share. |
| (C) (T) 3. Horizontal integration involves controlling raw materials. | (H) (F) 4. Vertical integration can reduce flexibility. |
| (D) (F) 4. Horizontal integration can increase market share. | (I) (T) 4. Vertical integration increases market share. |

Keyword: _ _ _ _ _

T QUESTIONS ABOUT THE TEXT

[[0]] Answer the questions in one or two complete sentences!

What is vertical integration?

What is horizontal integration?

What is a supply chain?

What are economies of scale?

What is regulatory scrutiny?

What is market share?

What is a monopoly?