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A Study on Domain Strategy in Growth Process of Business Venturing

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This study derives the hypothesis of a domain recombination strategy based on former theoretical framework that is necessary to achieve continuous growth on business Venturing. The hypothesis was verified through the case study approach. Then, we discuss domain strategy from two perspectives that based on the findings from the case study, and hypothesis testing. First, we discuss the business venturing to classify. Second, we discuss the pattern of the domain recombination.

The first purpose of this study is verification of the hypothesis about the domain recombination which achieves continuous growth of a business Venturing. First, we review the perspective that domain recombination was required in order for a business Venturing to grow continuously, according to the growth stage model of a business Venturing. Next, we classified the domain recombination that promotes growth of a business venturing using a Porter's theory. Then, we developed two hypotheses that explain the relation between the growth of a company and the domain recombination.

- h1: At the germination phase and growth phase of the development process of market, “ domain differentiation ” can sustain the growth of business venturing.
- h2: At the mature phase of the development process of market, “ domain concentration ” can sustain the growth of business venturing.

Those hypotheses are derived from the perspective of the factor of competitive strategy and the mobility of a market. In order to verify those hypotheses, the case study was carried out and the empirical data was collected. In our case study, six companies, Pia, Softbank, Weather news, GYAGA, Fancl, and Aucnet, are selected. Our case study showed that there was a verifiable case in part with the case which denies a hypothesis. From this result, the new findings which were not discovered in our developing hypotheses from the theory were acquired.

The final purpose of this study is to provide the framework of domain strategy for business venturing about the domain recombination that achieve continuous growth classified into the development stages of industry. The following two points were discussed based on the new findings acquired from case study : First, We divide business venturing on the time which performed domain recombination according to the development stage of industry. Second, We extract the characteristics of business venturing's domain recombination, and provide the framework that explains the domain strategy that promote growth of business venturing.

The following conclusions were obtained, as the results of considering these two points of argument and examining the framework of the domain recombination strategy.

- (1) The business venturing which achieves continuous growth by rearranging a domain can be divided into three types. The first type is “ first-coming business venturing” which rearranges its domain in the growth phase or the germination phase of industry. The second type is “late-coming business venturing” which rearranges its domain in the period of maturity of industry, and achieves growth. The third form is “de-mature business venturing” which rearranges its domain in de-mature process of industry and growth again.
- (2) Since the industry fluid when“ first-coming business venturing ”enters in the market, it becomes important to offer the products and services corresponding to various needs. Therefore, the “ first-coming business venturing ” which intend to rearranges a domain at this time in order to grow up continuously adapt the domain differentiation which defines the range of domain widely. Furthermore, in case of the potential demand of the market at the time of corporate foundation is small, in order to maintain growth, it is necessary to expand a new promising market. Thus, the“ domain diversification ”which enables new market cultivation will be adopted in parallel.

- (3) Customer needs are various when the “late-coming business venturing” enters. Thus, it is important to offer unique products and services corresponding to the specific portion of a market in order for stable profits. Therefore, the domain concentration which defines the range of a domain narrowly is used for the “late-coming business venturing” which rearranges its domain in order to grow up continuously in this stage. However, when the domain of the narrow range is adopted, the existing demand in the market is restricted, and in order to maintain rapid growth, it needs to cultivate new markets. That is, “late-coming business venturing” use both the domain concentration which enables to acquire stable profits and the domain diversification which enables new market cultivation. However, since the concentration and the diversification were strategies in conflict with each other, the market set as the object of diversification was restricted. The selection of market determines the success or failure of the growth strategy in the period of maturity.
- (4) The factor of competition predominance is changing when “de-mature business venturing” enters in the market. Thus, it is important to penetrate the innovative products and services into the market widely in order to establish the advantageous status on competition. Therefore, the “de-mature business venturing” which rearranges its domain in this phase adapt “domain differentiation” that is advantageous to increase market share.