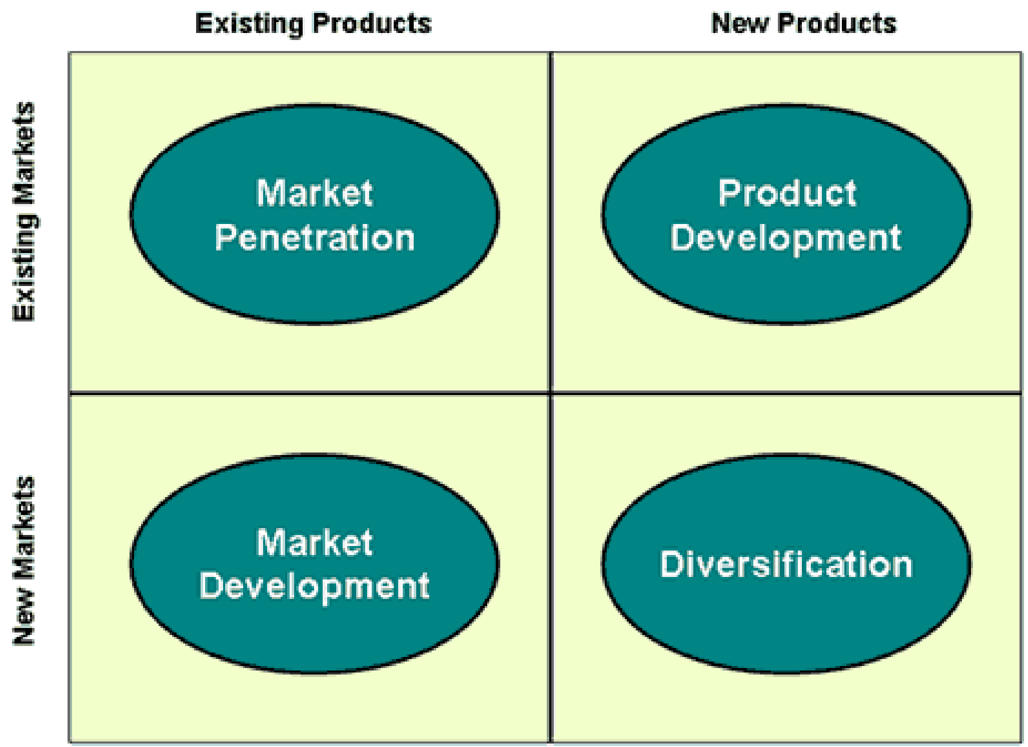
Ansoff’s Matrix

WHAT IS IT?

It was created by A Russian American called Igor Ansoff.

The Ansoff Growth matrix is a marketing planning tool that helps a business determine its product and market growth strategy.

Ansoff's product/market growth matrix suggests that a business' attempts to grow depend on whether it markets new or existing products in new or existing markets. The output from the Ansoff product/market matrix is a series of suggested growth strategies which set the direction for the business strategy.



MARKET PENETRATION

Business focuses on selling existing products into existing markets

Maintain increase market share	Secure dominance for growth markets	Drive out your competitors	Increase existing consumer usage

- ☞ Marketing Mix
- ☞ Personal selling

- ☞ Demographics
- ☞ Trends

- ☞ Advertising
- ☞ Pricing

- ☞ Loyalty schemes
- ☞ Technology changes

MARKET DEVELOPMENT

Business focuses on selling existing products into new markets

Market Development Strategy:

- New geographical markets
- New product dimensions or packaging
- New distribution channels
- New market segment created by different pricing

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PRODUCT DEVELOPMENT

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Product Development Strategy:

- Requires research & development
- Requires assessment of customer needs
- Requires a clear path for brand extension

A strategy of product development is suitable for businesses where the product needs to be differentiated in order to remain competitive

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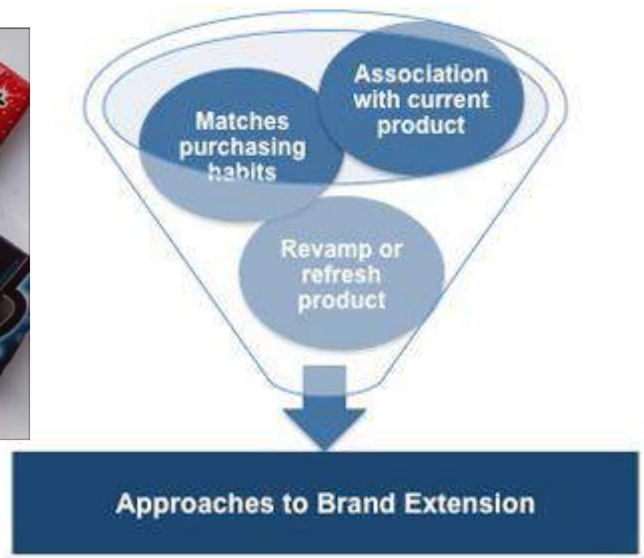

DIVERSIFICATION

Business focuses on introducing new products into new markets

Diversification Strategy:

- Honest assessment of risks
- Access to capital & willingness to invest
- Clear expectations of potenital gains
- Right balance of risk versus reward

This is the most risky strategy because the business is moving into markets in which it has little or no experience

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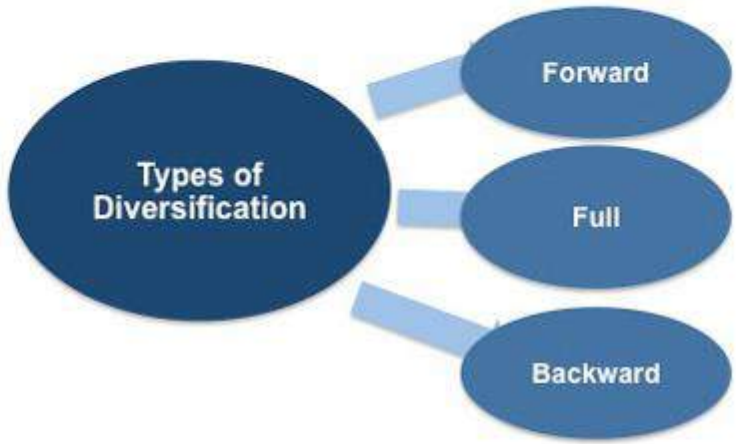

Full Diversification - this approach is the most risky as you are offering a totally new product or service to an unknown market. It will also take considerable time to accomplish.

Backward diversification - this is where your organization decides to diversify by offering a product or service that relates to the preceding stage of your current product or service.

Forward diversification - this is the situation where your organization diversifies into the products or services that relate to a later stage that follows your current offering.
For example: The distributor negotiates contracts directly with the supermarkets and other end users by selling online, negating the need to work with wholesalers.

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