

---

# the ansoff growth matrix

Assessing growth strategies for new markets and products

---

Alan Hargreaves



[alanhargreaves.com](http://alanhargreaves.com)

## In brief

The Product/Market Matrix was developed by respected mathematician and business strategist, the late Igor Ansoff. It is essentially a marketing planning tool. It has limited practical use but clearly highlights the strategic options for a firm looking to expand. We have added an additional focus on the level of risk that is involved.

The matrix matches off the core components of existing or future strategies: 1) does the firm grow by introducing new products or building on existing ones; 2) does it do so by penetrating more deeply into existing markets, or by expanding into new ones. The sample on the next page illustrates the resulting strategies:

Market Development: growing the market for existing products and services by, for example, shifting into new geographic areas, rebranding, aggressive pricing policies or new distribution channels. This is a medium-risk strategy and often essential for maintaining competitive position as much as generating growth.

Market Penetration: this is the least risky option and relies on having an established market share or position. It acknowledges that market growth is relatively static and that growth will only come through gaining market share. Very much a “more of the same” strategy. Low risk, but also low growth and most likely, low margin.

Product Development: introducing new or differentiated products into existing markets. There is a stronger element of risk, but this is offset by the use and knowledge of existing marketing and distribution channels.

Diversification: clearly the most risky strategy, yet there have been many successful examples. GE began as a turbine manufacturer, but its leasing activities grew into a major financial services business. This strategy demands exceptionally thorough and honest appraisal coupled with extremely diligent execution.



# The Growth Matrix

Strategies and risk



# The Growth Matrix

Plot your own strategies



**For more information, visit my website [www.alanhargreaves.com](http://www.alanhargreaves.com)**

Hi, I'm Alan Hargreaves. I specialise in simplifying complex business problems. In over 35 years as a business executive, I have never found an issue that cannot be addressed through identifying the essential but simple steps required to make any problem manageable. It might be your career, your firm, your team or your strategy. It doesn't matter. All hurdles can be lowered through dispassionate analysis, and all executives can embrace simple processes to take them forward. Using these techniques, I have helped hundreds of people through the various stages of their business or career development. It may be the challenge of taking on new responsibilities; it could be the task of managing a business you have created yourself; it may be handling a difficult team in the midst of major change. I use a straightforward combination of key principles to get results: collaboration, adaptation, simplification and action. You can contact me anytime at [alan@alanhargreaves.com](mailto:alan@alanhargreaves.com).



**alanhargreaves.com**