Ansoff Growth Matrix

Definition

Strategic marketing planning tool that links a firm's marketing strategy with its general strategic direction and presents four alternative growth strategies as a table (matrix). These strategies are seeking growth: (1) Market penetration: by pushing existing products in their current market segments. (2) Market development: by developing new markets for the existing products. (3) Product development: by developing new products for the existing markets. (4) Diversification: by developing new products for new markets. Named after its inventor, the father of strategic management, Igor Ansoff (1941-), and first published in 1957 in Harvard business review.

Product / Market	Present	New
Present	Market Penetration	Product Development
New	Market Development	Diversification

Diversification

This is where we market completely new products to new customers. There are two types of diversification, namely related and unrelated diversification. Related diversification means that we remain in a market or industry with which we are familiar. For example, a soup manufacturer diversifies into cake manufacture (i.e. the food industry). Unrelated diversification is where we have no previous industry nor market experience. For example a soup manufacturer invests in the rail business.

Ansoff's matrix is one of the most well know frameworks for deciding upon strategies for growth.