**Ansoff’s matrix activity**

Ansoff’s matrix is a useful tool for helping make strategic decisions on what products and services to offer in what markets and to which consumers. The four main options according to the theory are:

1. Market penetration
2. Product development
3. Market development
4. Diversification

**Task 1 Ansoff’s matrix**

Companies can use Ansoff’s matrix to examine their product range. Consider the following list of companies and products and decide where on Ansoff’s matrix each belongs.

1. Apple releasing the iPad Air and iPhone 6.
2. Panasonic withdrawing from the TV and mobile market to focus on its components divisions.
3. Clothing retailer Urban Outfitters opening new stores across the UK.
4. Hornby, the model train maker, buying the toy car brand Corgi for £7.5 million in 2008.
5. US toy maker Mattel opening a Barbie department store in China in 2009.
6. US brand Mondelez launching its cookie brand Chips Ahoy in UK supermarkets.
7. Coca Cola purchasing Innocent smoothies.
8. Online retailers ScrewFix and Jacamo opening physical stores.
9. Kellogg’s Special K diet encouraging customers to eat it twice a day to lose weight.
10. Morrisons supermarket offering online sales and delivery.
11. Pub chain Whitbread’s decision to purchase Costa Coffee in 1995.

For each product, write a short sentence explaining why you have located them where you have on the matrix.

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| --- | --- |
| Market penetration | Product development |
| Market development  | Diversification |

**Task 2 Questions**

Tesco Plc. is a company with a wide range of products and services in a wide range of markets, including F&F clothing, groceries, Tesco mobile, Tesco insurance, the failed Fresh & Easy chain it started in the USA, their joint venture with China Resources Enterprise and various other ventures around the world in countries such as Poland, Hungary, Ireland, India and Malaysia.

1. Explain where these strategies lie on Ansoff’s matrix.
2. Why do you feel they have selected each of these strategies?
3. Why do they pursue a range? Which have been of most value to the brand and why?
4. Discuss which of the four strategies has the most levels of risk. Use evidence to support your judgements from Tesco and any other examples you may know.
5. Explain why businesses such as Tesco may use Ansoff’s Matrix.