



Business Management Toolkit

2. ANSOFF MATRIX (SL&HL)

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2. Ansoff Matrix - Objectives - Syllabus links

- It is recommended that it is introduced and taught to the students in Unit 1 (Recommended chapter 1.3.)
- Ansoff Matrix analysis can be integrated in any Unit of the syllabus but especially Unit 1 and Unit 4 as there are a lot of links between growth and marketing
- Ansoff Matrix is about growth strategies and risk associated with them

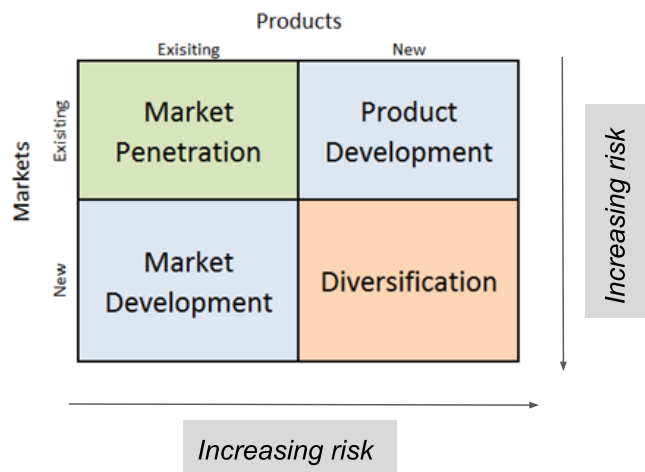
2. Ansoff Matrix - Introduction

- The Ansoff Matrix is a **two-by-two framework** used by management teams to plan and **evaluate growth initiatives**.
- It helps managers and other stakeholders to **conceptualize the level of risk** associated with different growth strategies.
- The matrix was developed by H. Igor Ansoff and was published in the Harvard Business Review in 1957.
- The Ansoff Matrix is often combined with other business tools (e.g. SWOT, Porter's Generic strategies, financial tools) to support more robust evaluation of business growth.



2. Ansoff Matrix

Ansoff's Matrix is a business tool used to show the degree of risk associated with four growth strategies based on market and product.



Activity: Discuss the advantages and disadvantages of Ansoff's Matrix





2. Ansoff Matrix

Market Penetration: When a business tries to increase market share. A business may:

- Cut prices
- Improve distribution
- Invest more in advertising



Example: Coca-Cola is known to spend a lot on marketing to penetrate their markets.

Read the case study of Coca-Cola's marketing expenditure and increase in US market share 2013-2015:

<https://www.forbes.com/sites/greatspeculations/2016/09/26/coca-colas-advertising-and-marketing-efforts-are-helping-it-to-stay-on-top/?sh=22d5eb3a28d7>

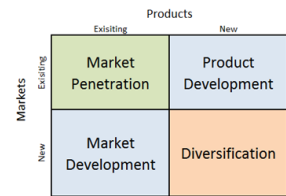


2. Ansoff Matrix - project

- In pairs choose an organisation that you can find information about online.
- Choose different growth strategies it has followed in recent years and classify them according to Ansoff Matrix
- Explain your answer
- Reference your sources
- Tip! You could also choose a social enterprise (preparation for Paper 3)
- Present / Share your Ansoff Matrix to the rest of the class



2. Ansoff matrix evaluation



Advantages	Disadvantages
<ul style="list-style-type: none">• Allows managers to analyse the degree of risk• It identifies different strategic areas• It helps map the strategic business options	<ul style="list-style-type: none">• Not direction towards one particular future strategy• Not enough for decision making• It considers only two factors• Lacks depth



Are you ready for the quizz?

- Do the quiz in the ibGenius platform
- You need 70% to pass!
- Then you are ready to move on to the next Business Management Tool!



References

Books

Stimpson, Peter, and Alex Smith. *Business Management for the IB Diploma: Coursebook with Cambridge Elevate Enhanced Edition (2 Years)*. Cambridge University Press, 2018.

Hoang, Paul. *Business Management Study & Revision Guide: for the IB Diploma*. Hodder Education, 2016.

Muchena, Martin Mwenda, et al. *IB Business Management*. Oxford University Press, 2014.

Links

- <https://www.business-to-you.com/ansoff-matrix-grow-business/>
- <https://corporatefinanceinstitute.com/resources/knowledge/strategy/ansoff-matrix/>
- [Images: pexels.com](https://www.pexels.com/)

