

## Strategising for Growth

For most businesses, their aim is to grow within existing markets. This can lead to many different processes when deciding, “Where do I begin?” There are expansion strategies, pricing strategies, market entry strategies, marketing strategies and so on. Whatever the strategy, a simple question needs to be asked; - “Will this venture be sustainable?”

Ansoff’s Matrix provides a framework for businesses to refer to when thinking about growth, their market, and portfolio of products and services.



### Market Penetration

A strategy that is used when a business wants to grow in an existing market with existing products is “Market Penetration”. A common strategy but nevertheless an effective one. For many companies there is one product or particular service that outshines the rest, this becomes the lucrative cash cow many businesses wish to keep on going. However, you cannot continue to market the same product in the same way in the same market, without losing market share. There is a need for adaptation and variation, especially in today’s society where people expect more.

If you suspect [the lifecycle of your product is nearing maturity](#), you may decide to create an extension strategy and reimagine the same product in a new and exciting way. New packaging or if the product is a piece of technology put in place a really great update. Use innovation and psychology to convince customers that your existing product is like new and much improved than its predecessor. With this approach, you can create “return buyers” or existing clients wishing to “upgrade”.

### **Market Development**

A strategy used to sell an existing product to a new market. This strategy will involve a lot of marketing effort as the product is unknown to its market and already populated with competitors. Market research would have to be utilised to see whether there is a need and to understand how to communicate the benefits in a new and appealing way that align with the new market.

### **Product Development**

A new product in an existing market. Probably the most popular growth strategy among businesses, some would consider the easiest option. Appealing to the same market with a new version of the product may not require as much market research initially, but nonetheless, it will be needed. Markets change and can be diverse, trends come and go, therefore market research still needs to be carried out. What will be required is a tremendous amount of Research and Development. This will appease the existing customer base with an exciting new, updated and trendy product or service.

### **Diversification**

Probably the riskiest and more time-consuming strategy, Diversification looks at growing within a new market in providing a new product. Not only will the Market Researchers have their work cut out but Marketing, Research & Development and Design too. All departments will need to conduct new research, new studies and create new innovations. This is particularly risky as all four areas will need to be consistent and aligned if there is a blip in one of these areas the research conducted may not be as transferable in reality. But with a lot of risks comes plentiful rewards, if successful. Entering a new market with an innovative idea that is effectively marketed can bring better rewards in terms of sales and profit overall strategies combined!

### **Conclusion**

The Ansoff's Matrix is a useful visual tool to help align business resources in pursuit of growth. It poses questions such as "Do you really know your market?", "[How fierce is the competition?](#)", "What do you currently have as assets in terms of workforce skills and innovation?". Maybe your company's most recent product is experiencing a decline at a much faster rate than expected. It may be a sign that you are currently using a Product Development strategy and have now exhausted the market, or you need to increase exposure in the market. This should spur on research into other growth strategies that may be better suited to the business's needs. Always find the most suitable growth strategy to align with your current business environment but [research your Markets first!](#)