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# Level 3 Certificate in Marketing

## The Ansoff Matrix

# Market Planning

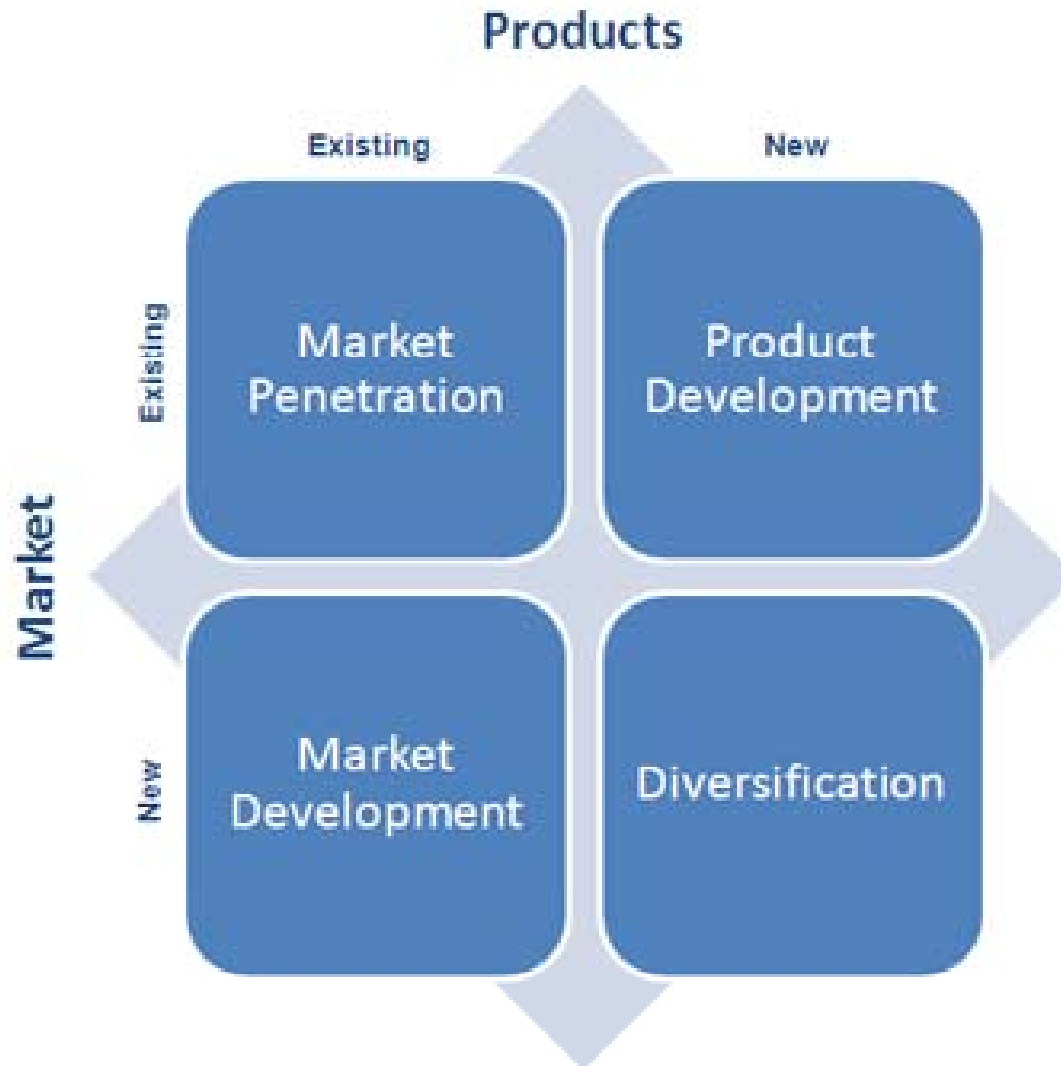
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- What is it?
- Why is it needed?

Market planning is concerned with the following:

- Where are we now?
- Where do we want to be?
- How are we going to get there?

# The Ansoff Matrix



The use of the Ansoff Matrix in market planning offers 4 possible strategies:

1. Market Penetration
2. Product Development
3. Market Development
4. Diversification

# 1. Market Penetration

This strategy looks at existing products in existing markets. In a nutshell you have to steal customers from the competitors. It aims to:

- Increase number of customers
- Sell more product(s)
- Increase market share



# 1. Market Penetration

Possible tactics:

- Increased distribution
- Extensive sales promotions
- Heavy media advertising

Examples of products/brands that that have used this strategy:

- Coca cola
- Kit Kat chocolate biscuits



## 2. Product Development

This strategy looks at new products in existing markets. It aims to:

- Develop new or modified products
- Sell these to existing customers



## 2. Product Development

Possible tactics:

- Producing smaller, faster, cheaper varieties of an existing product
- Introducing variations such as size colour and taste of existing products

Examples of products/brands which have used this strategy:

- Mobile phones
- Soap powders



# 3. Market Development

This strategy looks at existing products and new markets. It aims to:

- Find new segments
- Find new markets



# 3. Market Development

Possible tactics:

- Re-segmenting the market
- Expanding into international markets

Examples of products/brands that that have used this strategy:

- Lucozade
- Aspirin
- National Cash Register (NCR)



# 4. Diversification

This strategy looks at developing new or modified products for new markets. It aims to:

- Expand product portfolio
- Identify markets it has never served



# 4. Diversification

Possible tactics:

- Extensive market research to indentify product needs
- Research to find markets not currently served
- Simply an expansion strategy for an organisation

Examples of products/brands that that have used this strategy:

- Virgin Group
- Honda



Diversification

# Applying the Ansoff Matrix in the examination

- The perfect tool when answering the compulsory question in the Level 3 Marketing examination
- The question will always describe the current situation and problems
- Using the Ansoff Matrix will suggest how the problems given in the question could be solved
- Using the relevant strategies and tactics you should be able to achieve good marks.