Ansoff Matrix

Framework: Ansoff Product-Market Growth Matrix
Use for: Growth strategy — choosing which combination of existing/new products and existing/new markets to pursue, and understanding the risk profile of each path.
Time required: 45–60 minutes. Works best as a structured conversation with leadership before committing to a growth initiative.

How to use this template

1. **Clarify what "new" means.** A new market can mean a new geography, a new customer segment, or a new use case. A new product can mean a variant, a complementary product, or a completely different category. Be specific about which dimension you're crossing.
2. **Understand the risk gradient.** Market penetration is the lowest risk (doing more of what you already do). Diversification is the highest (new product + new market simultaneously). Most companies should default to market penetration and market development before pursuing diversification.
3. **Use it to evaluate options, not just current direction.** Map your existing growth initiatives on the matrix. Are they clustered in one quadrant? What's missing?
4. **It's a risk framing tool, not a decision tool.** The matrix tells you the risk level of a direction. Deciding whether that risk is worth taking requires separate analysis.

Company / initiative being analyzed

Company or business unit: __
Current core product / service: __
Current primary market / customer segment: __
Date: __

The Ansoff Matrix

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                    EXISTING PRODUCTS        NEW PRODUCTS
                   ___________________      ___________________
                   |                 |      |                 |
EXISTING MARKETS   | MARKET          |      | PRODUCT         |
                   | PENETRATION     |      | DEVELOPMENT     |
                   |                 |      |                 |
                   | Lowest risk     |      | Medium risk     |
                   | Sell more of    |      | Create new      |
                   | what you have   |      | offerings for   |
                   | to who you      |      | existing        |
                   | already serve   |      | customers       |
                   |_________________|      |_________________|
                   |                 |      |                 |
NEW MARKETS        | MARKET          |      | DIVERSIFICATION |
                   | DEVELOPMENT     |      |                 |
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                 |                 |       |                 |
                 | Medium risk     |       | Highest risk    |
                 | Take existing   |       | New product +   |
                 | offerings to    |       | new market      |
                 | new segments    |       | simultaneously  |
                 | or geographies  |       |                 |
                 |_________________|       |_________________|
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Quadrant 1: Market Penetration *(Existing product + Existing market)*

Risk level: Low — you know the product and the customer
Goal: Increase share of existing customers, or attract more of the same type of customer

How could we grow here? - Increase purchase frequency or volume from existing customers: __ - *Improve conversion of leads we're already generating:* __ - Reduce churn to retain more customers longer: __ - *Capture share from competitors serving the same segment:* __

Specific initiatives we're considering:

Initiative	Owner	Timeline	Expected impact

Quadrant 2: Market Development *(Existing product + New market)*

Risk level: Medium — you know the product, not the customer
Goal: Take what you already build into new segments, geographies, or use cases

Which new markets are we considering? - New geography: __ - *New customer segment:* __ - New use case or vertical: ___

What do we need to learn or build to serve this new market?

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Specific initiatives:

Initiative	Owner	Timeline	Expected impact

Quadrant 3: Product Development *(New product + Existing market)*

Risk level: Medium — you know the customer, not the product
Goal: Create new offerings for customers you already know and serve

What new needs do existing customers have that we don't address?

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-

What adjacent products or features would they logically want from us?

-
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Specific initiatives:

Initiative	Owner	Timeline	Expected impact

Quadrant 4: Diversification *(New product + New market)*

Risk level: High — unknown on both dimensions
Goal: Enter an entirely new space; only justified when existing markets are saturated or the opportunity is too large to ignore

Why are we considering diversification rather than the other quadrants?

What gives us the right to win in this new space?

What would failure cost us?

Portfolio view: where are our current initiatives?

Plot your existing growth initiatives in the matrix below by writing their names:

	Existing products	New products
Existing markets		
New markets		

Is our portfolio appropriately balanced? Are we over-concentrated in one quadrant?

What does this suggest about where to focus or de-invest?

The Ansoff Matrix was developed by Igor Ansoff in his 1957 Harvard Business Review article "Strategies for Diversification." Covered in the Frameworks & Mental Models Guide on biztechprimer.com.