

A two-by-two grid of growth options built from the interplay of products and markets, existing and new, that classifies every growth move as penetration, product development, market development or diversification, each carrying a different level of risk.

PREPARED BY _____ DATE _____

MARKET PENETRATION

Growing with existing products in existing markets: winning share, increasing purchase frequency or usage, and converting non-users within the current market. The lowest-risk quadrant because it draws entirely on what the firm already knows.

PRODUCT DEVELOPMENT

Creating new products for existing markets, trading on customer knowledge and established channels to sell customers something new. Riskier than penetration because the product is unproven, safer than diversification because the buyer is known.

MARKET DEVELOPMENT

Taking existing products to new markets: new geographies, segments, channels or uses. The product risk is low because the offer is proven; the risk sits in reading unfamiliar customers, channels and competitors.

DIVERSIFICATION

New products for new markets, where the firm can rely on neither its product knowledge nor its customer knowledge. Ansoff singled this quadrant out as demanding genuinely new skills, and it carries the highest risk of the four.