Teacher guide

Ansoff's Matrix - Enterprise

Where does the lesson fit?

This session could be used in a Marketing Module when looking at marketing strategies, or could follow a session on methods of growth.

Suggested resources & activities related to Enterprise and Ansoff's Matrix.

- Full Enterprise case study
- Ansoff's Matrix PowerPoint
- Enterprise crossword
- Enterprise word search
- Enterprise quiz

Suggested timings for the session

10 mins	Starter e.g. Enterprise word search
5 mins	Use the Ansoff's Matrix PowerPoint to discuss the topic
5 mins	Read the case study
10 mins	Questions
20 mins	Task . Ansoff's Matrix report
10 mins	What have you learned?

Answers to questions

1. What is Ansoff's Matrix?
   Ansoff's Matrix is a marketing tool which helps managers to assess the risk associated with different growth strategies.

2. List the four strategies in the matrix.
   - Market penetration
   - Market development
   - Product development
   - Diversification

3. Explain the difference between market penetration and market development.
Both market penetration and market development involve using existing products. In market penetration, however, more of these existing products are sold in the current markets, whereas with market development, the existing products and services are sold in new markets. Market development is considered to carry more risk that market penetration.

4. Discuss whether firms should use diversification as a growth strategy. Use examples from the case study to help.
Diversification can benefit firms by:
- Widening the scope of operations which can lead to much greater sales and profits e.g. the Car Sales arm of Enterprise is one of the largest sellers of used cars in the USA.
- Spreading risk across a bigger number of products and services (risk bearing economies of scale).

However:
- Diversification is the most risky strategy of the four outlined in Ansoff's Matrix, and does not always result in success. For example, Enterprise sold off Mexican Inn Chilli Products because it was not profitable.

The decision to diversify will depend on...
- The attitude to risk of the decision makers in a firm.
- The level of skill and knowledge of new markets and products within the firm.

What have you learned?
Expected learning is likely to include:
- Definition of Ansoff's Matrix
- Explanations of the four strategies
- Examples to demonstrate for four strategies
- An understanding of the level of risk associated with each of these strategies