

Question one: Application of the Ansoff Matrix Model in making a Major Strategic Decision in a Business Organization Faced by External Environment Challenge

The success of a business organization is primarily dependent on strategic planning, as it provides a roadmap for achieving required results. Although experience and intuition play a significant role, strategic models provide structured roadmaps that guide resource allocation and informed decision-making processes. Some basic models that play a significant role in shaping successful corporate strategies are the Balanced Scorecard, SWOT Analysis, Ansoff Matrix, VRIO Framework, and PESTLE Analysis (Imanova, 2025). Each of them plays a unique role, but the ultimate purpose is to help in making informed decisions, especially when a firm is faced with some challenges. The Ansoff Matrix is selected in this case to determine how it can help a company to make informed decisions when faced with a specific external environment challenge.

Explanation of the Ansoff Matrix The Ansoff Matrix is an important strategic management tool named after Igor Ansoff, a Russian American. It is used to evaluate and select growth strategies of a business organization based on the correlation between new or existing products and new or existing markets. This shows that its main purpose is to identify growth strategies based on market and brand combinations (Imanova, 2025). It is divided into different quadrants, comprising market penetration, diversification, product, and market developments.

Market penetration strategy is first embraced by selling a new product at a lower price to make it popular among the target audience, and later making it more competitive via refinements. Market development is achieved via differentiation of consumer segments. This involves putting target customers into different groups, such as household and industrial buyers. Product development strategy entails investing in research to acquire the rights of brand competitors and different distribution channels to remain competitive. Lastly, a diversification strategy entails growing by expanding markets to more risky approaches (Clarissia, 2019).

Application of the Ansoff Matrix to Apple Inc. Founded on 3rd January 1977, Apple Inc. is an American-based technological company. It became popular and generated much revenue from products like iPad, iMac, iPhone, and iPod (Zhang, 2024). Today, Apple Inc. is among the biggest IT companies in the United States, with a revenue of \$395.8 billion as of 2025 (Forbes, 2026). According to Forbes (2025), Apple Inc. ranks 10th among the best net zero leaders and 7th among the best employers in America. The company faces stiff competition from other firms in the technology industry because its core market (smartphones) is saturated. This is an external environment challenge that makes Apple Inc. the perfect choice for analysis. For instance, Samsung, Google, Microsoft, and Amazon have proved to be a nightmare for the company over the last five years due to product development and diversification, making the smartphone market saturated.

Apple's approach to entering new markets and launching new products in the already saturated global market can be understood by looking at the four strategies under the Ansoff Matrix. As a result, the company does not solely rely on one strategy to remain competitive. It has adopted three Ansoff's strategies to gain a competitive edge over its rivals: market penetration, product development, and diversification.

Regarding market penetration, the company has over 518 physical stores operating in 25 different countries. All these fall under five segmented regions: Japan, Greater China, Europe, America, and Asian Pacific (Chen, 2023). The company has an effective marketing strategy that facilitates easier penetration into new markets. A good example is the iPhone, whose new launches and improved models are introduced into target markets every year. The only trick is the introduction of more advanced technologies to the iPhone models, such as good chips for smartphones, fast internet connectivity, and a clear camera. These parameters comprise the main tools of the firm's penetration and pricing strategies (Zhang, 2024). In addition, the company uses educational discounts to penetrate new markets and fashionable colors of different models to stimulate product sales.

Product development strategy involves manufacturing a new product and introducing it to the current market. Apple remains competitive by developing and launching new products in the market every year. In turn, customers embrace them due to their uniqueness, making them popular globally. For example, the company launched the iPod Shuffle for those who own an iPod. This device is not compulsory for its customers, but the majority have already bought it because it is light, making it convenient for gym lovers or hikers (Zhang, 2024).

The last strategy, diversification, entails the introduction of a new item to a new market. It can either be related or unrelated. Apple uses unrelated diversification by setting up many manufacturing plants overseas, especially in regions with a cheaper labor force and raw materials (Zhang, 2024). However, this diversification strategy is costly as it requires a lot of money, and sometimes the company can face risks that are not easy to detect. Also, the company has diversified by offering financial services and Apple TV+. This has enabled it to shift to new markets that are yet to be exhausted by its rivals, making it more competitive.

The Insights it gives to Decision-Makers Ansoff Matrix is an instrumental tool that helps decision-makers, whether at organizational (like the case of Apple) or institutional levels, in different ways. First, the model can help in mapping potential risks associated with certain decisions (Oliveira & Marques, 2024). For instance, the management at Apple Inc. can rely on the diversification aspect to determine undetectable risks that come with building manufacturing plants overseas. Secondly, decision-makers can use the Ansoff Matrix to identify gaps in the current organizational strategies. This can prompt reactive measures to address any potential threats. Lastly, the Ansoff analysis can help in effective resource allocation (Oliveira & Marques, 2024). By determining if new markets or brands will facilitate organizational growth, management can decide which strategy to adopt.

Strengths and Limitations of the Ansoff Matrix Like other strategic models, the Ansoff Matrix is characterized by some strengths and limitations. The main strength is its ability to help business leaders understand various strategies and their potential risks. For instance, it helps firms to understand whether to invest in market or product development based on prevailing dynamics. The other important strength is its applicability to product-oriented businesses (Oliveira & Marques, 2024). The model applies best to firms that offer products instead of services to the end users.

However, the model has a limited scope, making it ineffective, especially where there is a need for internal environment analysis. It mainly focuses on markets and products (external factors), ignoring internal factors, like culture and resources. The other limitation is the challenge of classifying some strategies (Dawes, 2018). For instance, it can be challenging to align strategic alliances and partnerships well with the matrix.

Question Two: How a Business Organization Can Use Value Chain Analysis and VRIO Frameworks to Assess Its Strengths and Build a Competitive Advantage

The success of a business organization requires internal analysis to determine capabilities that can facilitate its competitive advantage over its rivals. This can be achieved by using different strategic frameworks to enable it to convert the available assets/resources into a long-term competitive advantage. Although there are different strategic frameworks, value chain analysis and VRIO frameworks are preferred for this analysis.

The Value Chain Analysis This is a series of activities performed by a business organization to provide valuable services and products to the target audience. They are divided into primary and support activities. The former comprises core elements, such as inbound and outbound logistics, sales and marketing, operations, and services. The latter (support activities) serve as key organizational pillars consisting of infrastructure, human resource management (HRM), procurement, and technology development.

The main benefit of this analysis is to help firms uncover their strengths. This is achieved by comparing their value chains with those of their competitors to uncover internal weaknesses. For instance, primary activities that offer quality services/products to end users at lower costs than rivals are organizational strengths that should be leveraged to build a competitive advantage. Conversely, any activity that lags behind the firm's competitors in results or efficiency indicates improvement areas, meaning they can adversely affect overall competitive advantage (The Strategy Institute, 2025).

Zara is an example of an organization that leverages value chain analysis to achieve a competitive edge over its rivals via primary activities (outbound logistics and operations). The company has adopted a local production strategy, thus differentiating itself from its rivals, who have established manufacturing plants in other countries. Research shows that 50-60% of its products are designed and manufactured from its headquarters (Spain), thus reducing costs (Aftab et al., 2018).

The VRIO Framework The VRIO framework is a strategic tool used by firms to assess their internal resources. It comprises four main factors: value (V), Rarity (R), Imitability (I), and Organization (O). It is only through this analysis that a business organization can determine whether it can have a sustainable competitive advantage in the market it operates. Rather than depending on all the strengths, the framework helps firms to strategically work on perfecting key areas to remain competitive.

The VRIO framework helps organizations build a competitive advantage by revealing key sources. It pinpoints a firm's difficult-to-imitate, rare sources that can facilitate strategic growth. Generally, VRIO's criteria help gain insights into unique capabilities and strengths that differentiate a company from its rivals (The Strategy Institute, 2024). This framework applies to Google, especially in its search algorithm. The service cannot be easily imitated because of the proprietary code and its rarity in scale and precision. Also, the search algorithm is very valuable to the targeted audience, making the company more competitive than its rivals (Foer & Vaheesan, 2013).

Strengths and Limitations The two frameworks are effective tools for assessing key strengths of a business organization. They help to determine the internal capabilities of a firm based on available assets, resources, and activities. However, they only focus on the internal business environment. This is a limiting factor as it can result in strategic drift if changes in the external environment are ignored.

Question Three: Strengthening Market Position of an Organization by Combining Customer understanding, Pricing, innovation, or Communication strategy

Market position refers to consumers' perception of a specific brand relative to its rivals. It comprises unique features and attributes that differentiate what a business organization offers from others. A strong market position is sustainable, understandable, and resonates with targeted customers (Cybellum, 2024). As a result, having a clear market position is instrumental in communicating what makes a brand unique. A firm can only strengthen its market position by shifting focus from the internal environment to a strategy that integrates consumer values. This entails using behavioural feedback to inform communication, innovation, and pricing processes.

Having a clear CVP (customer value proposition) is the basis for strengthening market position. This is the value an organization promises to offer to consumers if they buy a product. It comprises benefits that make people prefer buying products from one company over others. The CVP can only be achieved by understanding what needs to be done or the consumer's tastes and preferences (Payne et al., 2017). The main aspect to consider is the behavior of consumers, as the majority are not guided by rational utility when deciding what to buy. Instead, the buying behavior depends on emotional resonance. Netflix is a good example of a company that applies CVP to strengthen its market position. It relies on data-generated insights to determine consumer tastes and preferences, making it easier to tailor marketing content (Ali et al., 2025). This has significantly strengthened its position in the entertainment industry.

Pricing and innovation are other key factors that play a crucial role in strengthening market position. Although innovation is the backbone of CVP, especially in the present business world, it should be combined with pricing approaches that reflect consumers' perceived value of a specific brand. Rather than engaging in price wars, a business organization can strengthen its market position by adopting a blue ocean strategy (Kimani & Kinyua, 2025). This comprises embracing value innovation to compete favorably by creating a new market. This approach has been used by Tesla to command a larger market share than its rivals. The company uses value innovation in product manufacturing, pricing, and distribution. For instance, Tesla uses a skimming pricing strategy for some of its products and a product development strategy, especially on its batteries, making it a premium brand (Min, 2023). Combining these factors can propel a business organization from short-term benefits to achieving a competitive edge over its rivals, thus strengthening its market position.

Question Four: Businesses focus on Social Responsibility, Sustainability, and Stakeholder Value, rather than concentrating only on Financial Return

Many people invest in businesses to make a profit by bridging market gaps. However, there is more in business than making profits, as it involves different stakeholders, such as investors, the government, the general public, suppliers, and even the environment. As a result, there is a need to embrace stakeholder capitalism instead of supporting shareholder primacy. Conventionally, some business models focus on profit maximization for investors, but many businesses today take into consideration the environmental and social effects of their operations.

The Friedman Doctrine, commonly referred to as shareholder theory, argues that the main role of a business is to satisfy the interests of shareholders. This means that people only establish businesses to make profits (Tran, 2025). In contrast, the stakeholder theory argues that businesses should be held responsible for their actions. This means they should engage in activities that promote the best interests of society or the people they serve (Phillips et al., 2026). Today, many people buy products from brands that believe in a stakeholder perspective. This shows that firms that promote public interests make more profits than those guided by the Friedman Doctrine. This is attributed to the reduced legal risks, reduced employee turnover, and improved brand reputation.

In addition, CSR (corporate social responsibility) should not be ignored by businesses at the expense of profit-making. This should not only involve philanthropic initiatives, but also strategic CSR.

Businesses should create shared values by integrating social initiatives into their value chain. For instance, Unilever Company has integrated an SLP (sustainable living plan) into its model (Unilever, 2021). This has led to increased revenue and profit margins due to brand popularity worldwide, a clear indication that CSR makes firms more competitive than their rivals.

Further, CSR should be combined with corporate culture to ensure the business focus completely shifts from profit-making to serving the interests of stakeholders. Ensuring business purpose is in line with the needs of key stakeholders promotes a sustainable environment, making everyone feel satisfied with the brand. This shows that a business is only deemed sustainable if it has a social license. Its activities should be acceptable to the eyes of the public. For example, Body Shop has invested in ethical sourcing. Also, the company is opposed to animal testing, making the brand popular in the industry (Ganatra et al., 2021). Generally, modern businesses can only achieve strategic resilience by promoting sustainability and focusing on stakeholder value. Although profit-making is vital, respecting the interests of the society they serve guarantees increased long-term gains.

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