

Bcg matrix

Business



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BCG Matrix The concept of BCG Matrix or Boston Consulting Group Matrix represents a structure for evaluating the comparative performance of the businesses of different organizations. Furthermore, the aspect of BCG Matrix assists the business managers of the organizations in order to develop better understanding about the various strategic business units that contribute in the overall organizational performance (Griffin, 2005).

In relation to BCG Matrix, the upper-right position of the quadrant i. e. Question Marks denotes high demand of cash and depicts low returns due to the factor of low market share. The future business performance of an organization or a particular division in this quadrant is uncertain. In this regard, the BCG Matrix suggests that the business organizations should invest cautiously towards the identified division in the quadrant of question marks due to the factor of low financial returns. The lower-left position of the quadrant of the BCG Matrix i. e. Cash cows implies low growth but high share in business market. This particular quadrant assists the business organizations to generate maximum profits but is not anticipated to substantial growth of the business. Cash Cows are often regarded as the future of the business organizations because they possess the tendency to generate huge profit as well as cash but with low growth (Griffin, 2012). A pictographic illustration of the BCG Matrix is depicted hereunder.

Source: (Scribd Inc., 2012).

LG Electronics is considered to be a reputed multinational organization in consumer electronics sector which was initiated in 1958. It possesses in its assortment numerous electronic products as well as appliances that include televisions, air conditioners, refrigerators, mobile phones and washing machines among others. The organization holds both electronics and <https://assignbuster.com/bcg-matrix-essay-samples/>

appliances divisions and delivers innovative products as well as services to its valued customers worldwide (LG Electronics, 2012).

In relation to the model of BCG Matrix, if the electronics division of LG is placed at the upper right quadrant of the matrix i. e. Question Marks, it can be stated that from the very beginning, the organization has delivered superior service quality to its customers as well as attained maximum customer support from its electronics division. However, it has been viewed that there lies a strong presence of its chief competitor i. e. Samsung which also belongs to South Korea similar to LG with high market share and provides low prices to its customers. Similarly, if the appliance division of LG is located in the lower left quadrant of the matrix i. e. Cash Cows, it can be stated that the organization possesses huge market share in its white goods i. e. appliance products and also has a strong control but with low growth (Scribd Inc., 2012).

In order to initiate higher growth and greater market share like the ‘ Stars’ quadrant associated with the BCG Matrix, LG should keep a close eye on the strategies of its chief competitors such as Samsung. Furthermore, the organization should also offer cheap and affordable prices for its broad assortment of products in comparison with Samsung.

The other measurement tool i. e. SWOT Analysis can be used in order to reinforce or negate the above discussed findings of LG. The recent growth or deceleration of annual earnings of two divisions of LG can also be identified in order to recognize whether the divisions are in the cash cows and the question marks quadrants. This may be due to the fact that by analyzing the four variables of SWOT of LG that include its strengths, threats, opportunities and weaknesses, the findings in relation to the model of BCG Matrix of LG

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can be reinforced or negated by a significant level.

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