

# Boston consultancy group matrix analysis



**ASSIGN  
BUSTER**

In cash Cows, generally the profits are high and there is high cash generation, but the market growth rate is very low as investment made is comparatively low. Normally a new coffee house like café bar which has recently opened its operations in India are categorized under Cash cows as they have just began their operations.

### **Question Marks (High Growth, low Market Share):**

A company which has worst cash characteristics comes under this category because there is a high demand for the product but the market share is very low. If action is not taken at this stage the company can slip into the dog phase of the matrix as the growth would stop.

### **Stars (High Growth, High Market Share):**

Stars are companies which have a large amount of cash available in hand and they are leaders in the business. Starbucks coffee comes under this category as they are leaders in coffee today compared to Costa Coffee or even Café Coffee Day in India.

### **Dogs (Low Growth, Low Market Share)**

Such companies are also called as 'pets' as the company has a relatively low market share and even low growth as the market share is low which makes the company in a cash crunch. Café Coffee Day comes under this segment as Café Coffee day does not make a great amount of profit nor does it have a large amount of market share. Café Coffee Day normally 'breaks even' generating enough cash to maintain business market share.

BCG Matrix helps us to identify Café Coffee day weakness and strengths in terms of cash flows and profitability. Café Coffee day though comes under

the category of Dog; still it can be made profitable without cash infusions.

This can be done by acquiring good amount of market share which can then change the position of Café Coffee day from Dog to Star or Cash Cows.

## **Ansoff Matrix**

Ansoff Matrix was developed by Igor Ansoff. It is also known as product market growth matrix. This matrix helps the business in market growth as well as product growth. The matrix tells us whether the business or organisation can grow depending upon new or existing products or new or existing markets. Ansoff Matrix is a new way of looking at the future growth. Although Ansoff Matrix does not prescribe when each strategy must be employed, it is a useful framework in thinking about ways in which growth can be achieved. In the above case, we need to see how the Ansoff Matrix can be useful for Café Coffee day to implement growth strategies.

Market Penetration

Product Development

Market Development

Diversification

New Market

Existing Products

New Products

Existing Market

**Market Penetration:**

It is the most common way of entering the market. For example café coffee day entered the market with basic or current products and by winning its competitors like Barista and Costa Coffee's customers. The elements of this matrix are used by Cafe Coffee Day as a promotion or distribution element. It helps Café Coffee day to cut its price.

**Market Expansion:**

Café Coffee day may attempt to expand their market this element can be used by converting non-users of the product to users of the product. Market expansion can help Café Coffee Day to enter new countries or markets.

**Product Development:**

Many a times Café Coffee Day comes out with new and different products. For example: Pasta in foods or may be a new flavour coffee. Hence product development element is used by Café Coffee Day. Certain outlets also come out with new features like Wi-Fi connectivity or a sheesha corner in the premises. This all is a part of product development.

**Market Development:**

Market can be developed in 2 ways: either by promoting existing products to new customers or by attracting new customers to old and existing products. In Café Coffee day, they increased the sale in the western part of India as they had introduced new features and new products. This indirectly also helps in the expansion of Café Coffee Day.

**Entry into New Markets:**

This element is used when new products are launched in new markets. If café Coffee day is launched in Africa, it would be then entering new markets and expanding its business as café coffee day has never been launched in Arica.

While the Ansoff matrix is used with financial and technical resources, in Café Coffee Day, they require new skills, new techniques and new facilities. Hence, there would be an organisational change in the structure of Café Coffee day