

The boston consulting group (bcg) matrix essay sample

[Finance](#), [Investment](#)



The Boston Consulting Group (BCG) matrix is a tool that used to evaluate strategic business units. It is organizes business by two dimension, the business growth rate and market share. The growth rate is use to show how rapidly the entire industry is increasing and the market share is whether a business unit has a larger or smaller share than its competitors. The combination of market share and business growth rate have provides four categories to determine the SBUs within a corporate portfolio. The four categories of BCG are stars, question marks, cash cows and dogs. STARS. The stars have a large market share in the rapidly growing industry and it is important because it has an additional growth potential and profits should be reinvested for future growth and profits. It will produce a positive cash flow as industry matures and market growth slows. Star need to use large amount of fund and are the leaders in the business so they should also generate large amount of fund. Star may generate fund but because the market is grow rapidly, the star require investment to maintain the lead. If successful, a star will become a cash cow when its industry matures. The stars in Public Bank are personal loan and saving account.

Investment Personal loan is consider as star because it give loans to customers when they are desire to pay child's higher education fee or marriage related expenses or want to buy a house and the interest rate is lower compare to the financial company. A saving account is a account that maintain by retail financial institutions that pay interest but cannot be used directly as money but can used by writing a cheque. The saving account lets the customer set aside a portion of their liquid assets while earning a monetary return. The saving account is attracting the customer and consider

as a star because it have certain profit and low interest. QUESTION MARKS. Also known as problem children. The question mark is new in a rapidly growing industry but only has a small market share. Question mark have the worst cash characteristic of all, because high demands and low return due to low market share. If nothing is done to change the market share, question marks will generate great amount of cash but when the growth stops, it will become a dogs. Question mark is risky and uncertain because it could become a star or it could fail.