1.2 The Boston Matrix and Product Portfolio Analysis: 10-minute Pack

AQA 7132 · Calculators not allowed · about 10 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions in the spaces provided. At least two questions require full-sentence answers. Riverside Drinks, a fictional small beverage firm used in parts of this pack, appears where indicated.

1 Which one of the following best describes the vertical axis of the Boston Consulting Group (BCG) matrix used in product-portfolio analysis?

- ☐ A) Relative market share compared with the largest rival
- ☐ B) Product life-cycle stage from introduction to decline
- ☐ C) Market growth rate for the product's market
- ☐ D) The product's contribution per unit

(Total for Question 1 is 1 mark)

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2 Which one of the following best describes the horizontal axis of the BCG matrix?

- ☐ A) Market growth rate
- ☐ B) Relative market share compared with the largest rival
- ☐ C) The business's total market share summed across all its products
- ☐ D) The product's profit margin

(Total for Question 2 is 1 mark)

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3 Define the BCG quadrant term 'star' as used in product-portfolio analysis, giving the quadrant's market growth and relative market share characteristics.

(Total for Question 3 is 1 mark)

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4 Define the BCG quadrant term 'cash cow' as used in product-portfolio analysis, giving the quadrant's market growth and relative market share characteristics.

(Total for Question 4 is 1 mark)

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5 Define the BCG quadrant term 'problem child' (also called 'question mark') as used in product-portfolio analysis, giving the quadrant's market growth and relative market share characteristics.

(Total for Question 5 is 1 mark)

6 State one possible strategic option a firm might take for a problem child (question mark) product in its portfolio.

(Total for Question 6 is 1 mark)

7 State one limitation of using the BCG matrix for product-portfolio decisions in a real business context.

(Total for Question 7 is 1 mark)

8 State one reason why a firm might keep a dog in its portfolio rather than divesting it immediately.

(Total for Question 8 is 1 mark)

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Mark scheme · 1.2 The Boston Matrix and Product Portfolio Analysis: 10-minute Pack

Question 1

C cao **B1**

Answer: C

Question 2

B cao **B1**

Answer: B

Question 3

a product with high market growth and high relative market share **B1**

Answer: A product with high market growth and high relative market share.

Question 4

a product with low market growth but high relative market share **B1**

Answer: A product with low market growth but high relative market share.

Question 5

a product with high market growth but low relative market share **B1**

Answer: A product with high market growth but low relative market share.

Question 6

invest to build market share, or try to grow it into a star; or divest/sell if prospects are poor **B1**

Answer: For example, invest to build market share in the high-growth market so it becomes a star, or divest if the business decides the product is not worth further investment.

Question 7

it oversimplifies by using only two dimensions, ignoring factors like customer loyalty, product synergies or profitability differences **B1**

Answer: For example, the matrix is simplistic: it uses only market growth and relative share and ignores other important factors such as profitability, brand strength, or product synergies.

Question 8

it may provide strategic value such as completing the product range, supporting other products' sales, or serving a niche that is profitable enough **B1**

Answer: For example, the product may support the overall brand, help sell other products, serve a small but profitable niche, or be kept for strategic reasons such as blocking competitors.

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