# 1.2 The Boston Matrix and Product Portfolio Analysis: 30-minute Pack

Total Marks

AQA 7132 · Calculators not allowed · about 30 minutes

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

**(Total for Question 1 is 1 mark)**

**2** Which BCG quadrant is typically described as 'generating more cash than it needs', providing funds to other parts of the portfolio?

- [ ] A) Star
- [ ] B) Cash cow
- [ ] C) Problem child / question mark
- [ ] D) Dog

**(Total for Question 2 is 1 mark)**

**3** Which strategic action is most commonly recommended for a product in the 'star' quadrant when it is starting to deliver strong market share in a high-growth market?

- [ ] A) Divest or sell the product quickly
- [ ] B) Harvest with minimal further investment
- [ ] C) Invest to build and support further growth
- [ ] D) Ignore and leave to the market

**(Total for Question 3 is 1 mark)**


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**4** State one piece of data a business must estimate correctly for its BCG analysis to be useful when comparing products across markets.

**(Total for Question 4 is 1 mark)**

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**5** Evaluate the value of the Boston Consulting Group (BCG) matrix to a business managing its product portfolio. In your answer consider both the benefits and the limitations of the matrix and reach a justified conclusion.

**(Total for Question 5 is 14 marks)**


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# Mark scheme · 1.2 The Boston Matrix and Product Portfolio Analysis: 30-minute Pack

## Question 1

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

**Answer: A product with low market growth and low relative market share.**

## Question 2

B cao **B1**

**Answer: B**

## Question 3

C cao **B1**

**Answer: C**

## Question 4

accurate market growth rate estimates, or accurate market share data for the product and the market leader **B1**

**Answer: Accurate market growth rates or accurate market share figures for the product and the market leader are essential for a useful BCG analysis.**

## Question 5

**Level 1** Limited evaluation: makes simple, undeveloped points about the BCG matrix, perhaps listing a few advantages or limitations with little or no application to business decision-making and no clear judgement. **1-5**

**Level 2** Clear evaluation: discusses several benefits and limitations, applies the ideas to portfolio decisions, and begins to weigh strengths and weaknesses, but the judgement is only partially developed. **6-10**

**Level 3** Comprehensive evaluation: balances a range of benefits and limitations, applies them to realistic business contexts, develops chains of reasoning, and reaches a clear, justified conclusion about the overall usefulness of the BCG matrix. **11-14**

**Indicative content:**

- Benefits: forces managers to consider resource allocation across a portfolio, highlights products that generate cash (cash cows) to fund investment in high-growth prospects (problem children) or to support stars, and helps set broad strategy options such as build, hold, harvest or divest.
- Benefits: simple visual tool that is quick to communicate and can prompt useful strategic discussion about where to invest and where to cut losses.
- Limitations: reduces complex realities to two dimensions, ignoring important factors such as profit margins, product complementarities, brand strength, or long-term strategic fit.
- Limitations: relies on accurate market share and market growth measures which can be hard to estimate; market boundaries may be ambiguous and growth rates volatile.
- Limitations: the matrix is static and does not show momentum or the reasons behind a product's position, so it can mislead without complementary analysis such as cost structures or consumer trends.
- Application: examples of how a business might sensibly use the matrix alongside other tools, for instance using cash cow profits to fund marketing for promising question marks, or combining BCG with profitability analysis to avoid divesting a low-share but high-margin niche product.
- Judgement: a balanced conclusion might state that the BCG matrix is a useful starting point for portfolio thinking and resource allocation, but it should not be used alone; it is most valuable when combined with deeper financial and market analysis and when its limitations are recognised.


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