



The Boston Matrix

Market Share

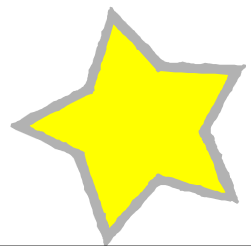
High

Low

Market Growth

High

Stars

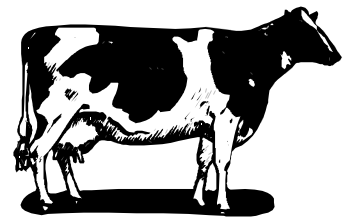


Problem Child



Low

Cash Cows



Dogs

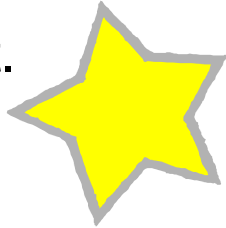




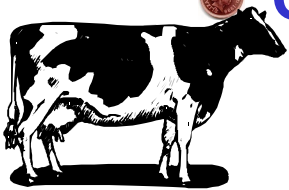
Explaining The Boston Matrix

● Stars

- Tend to yield neutral cash, as they require investment.
- Equivalent to “growth” stage of product life-cycle



● Cash Cows



- Yields large amounts of cash to invest in other products
- Equivalent to “maturity” stage of product life-cycle

● Dogs

- Generally negative cash flows
- Equivalent to “decline” stage of product life-cycle



● Problem Children



- Sometimes known as “Question Marks”
- May become stars, but investment is required
- Equivalent to “introduction” stage of product life-cycle



Using The Boston Matrix

Each product a business produces is represented by a circle

Market Share

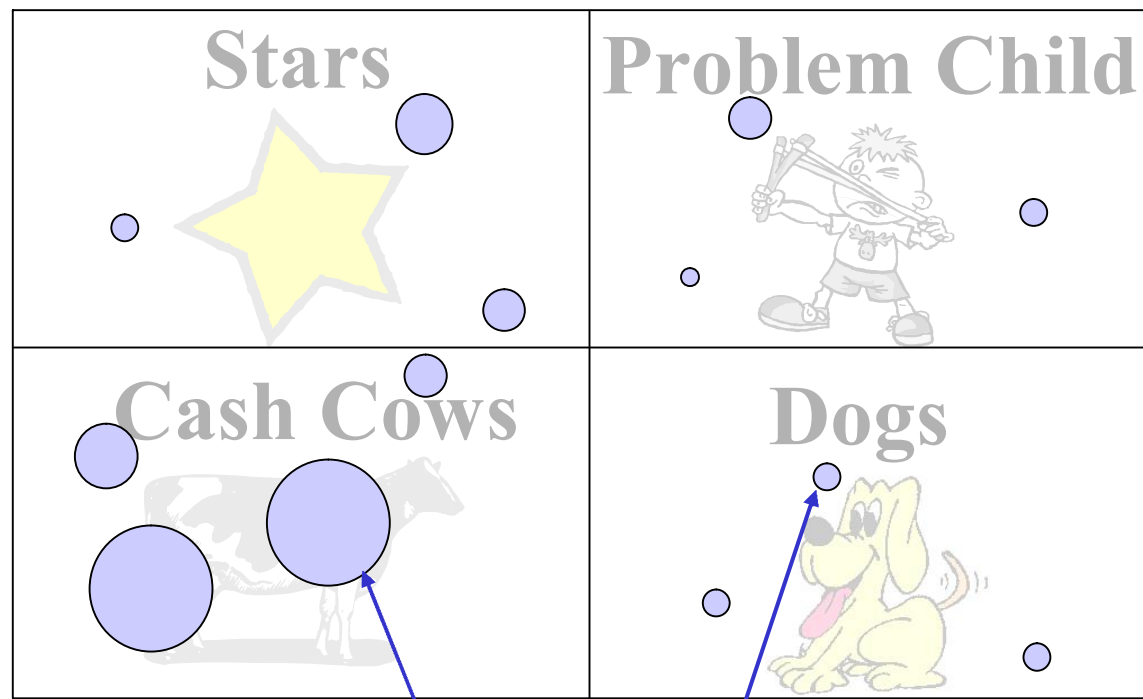
High

Low

Market Growth

High

Low



The size of the circle represents the revenue the product produces.

So this product...

...brings in more revenue than this product.



Problems of Using the Boston Matrix

- Only uses **market share** and **growth** to assess the strengths and weaknesses of a product portfolio
- Current market share information tells us very little about the prospects for the future
- It is not always preferable to be in high growth markets due to instability

