

Apart from looking at the external market (the **market analysis**, or the 'OT' of the **SWOT** analysis, the **marketing audit** also requires the firm to look at the internal aspects of its marketing, its 'SW'). To do this it can use various **management tools**, for example the ...

## Boston Matrix

As part of the analysis of its **product portfolio** (the range and mix of the products that a firm currently offers), the business can take a snapshot of its current portfolio in terms of:

- ❖ the rate of growth of the market that each product operates in
- ❖ the **market share** that the firm's product holds

Each product falls into one of four categories, which, in sequence, are:

- ✓ **question mark** or **problem child**  
a new product introduced into a potentially promising market
- ✓ **star**  
the product 'takes off' with rapidly rising sales
- ✓ **cash cow**  
the market matures and growth slows, but market share is held
- ✓ **dog**  
the market declines and sales of the product fall off rapidly

High

<b>M a r k e t  S h a r e</b>	<b>Cash Cow</b>	<b>Star</b>
	<b>Dog</b>	<b>Question Mark</b>

Low

**Market Growth**

High

Note how the strong cashflow generated by the **cash cow** can be used to cross-subsidise the **problem child** through its product launch and early months, thus giving it more chance of success, ie becoming a **star**.

The **Boston Matrix** thus helps the firm balance its **product portfolio** so that:

- it does not become too dependent upon an ageing set of products that may currently generate high cashflows or be profitable *now*, but might all start losing market share simultaneously at some point in the future.
- it can identify the **dogs** and 'kill them'.
- it does not have to introduce too many new products (**problem children**) onto the markets at the same time, thus potentially putting enormous strain on the firm's cashflow.

## Product Life Cycle

Many products are seen to go through a set of predictable stages of 'life'. Each stage will influence the quantity and quality of the marketing support that will be required. These stages can be illustrated graphically;