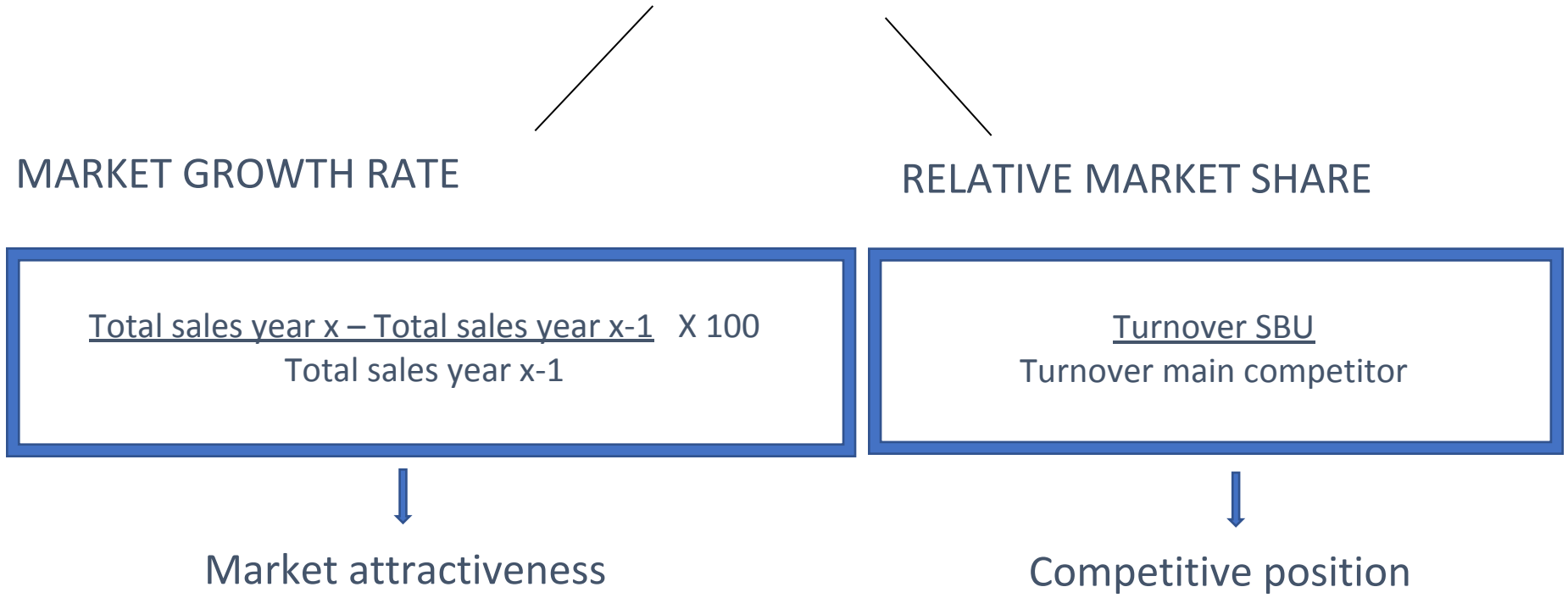
BOSTON CONSULTING GROUP (BCG) MATRIX

The BCG matrix classifies SBUs based on two variables



EXERCISE

Suppose that the Alfa company operating in the food sector has implemented a diversification strategy.
The 3 SBUs are:

SBU 1: PASTA
(Ready Sauces)

SBU 2: BAKERY PRODUCTS
(Biscuits, toasts, snacks, brioche, cakes and snacks

SBU 3: FRUIT DRINKS
(Fruit Juices)

Calculate the total sales per SBU of main competitors

PRODUCTS PORTFOLIO	SALES OF THE THREE MAIN COMPETITORS IN MILLIONS OF DOLLARS year X			TOTAL SALES OF THE 3 MAIN COMPETITORS PER SBU
	ALFA	BETA	GAMMA	
SBU 1	0.5*	0.9	0,7	
SBU 2	1,6*	2,1	0.5	
SBU 3	3,2*	3	1.5	

Calculate the market growth rate

PRODUCTS PORTFOLIO	TOTAL NUMBER OF COMPANIES	TOTAL SALES YEAR X-1 (million of dollars)	TOTAL SALES YEAR X (million of dollars)	MARKET GROWTH RATE
SBU 1	10	2,2	2,53	
SBU 2	25	3.82	5	
SBU 3	8	9.41	9,8	

For the construction of the BCG matrix it is necessary to calculate:

1. the contribution of each SBU to the total turnover;
2. the relative market share;
3. the average growth rate of the market.

Calculate the contribution of the single ASA in relation to the total turnover

PRODUCTS PORTFOLIO	COMPANY SALES IN MILLIONS OF €	CONTRIBUTION OF EACH SBU TO THE TOTAL TURNOVER	
		FORMULA	RESULT
SBU 1	0,5		
SBU 2	1,6		
SBU 3	3,2		
TOT. SALES	**5,3**		

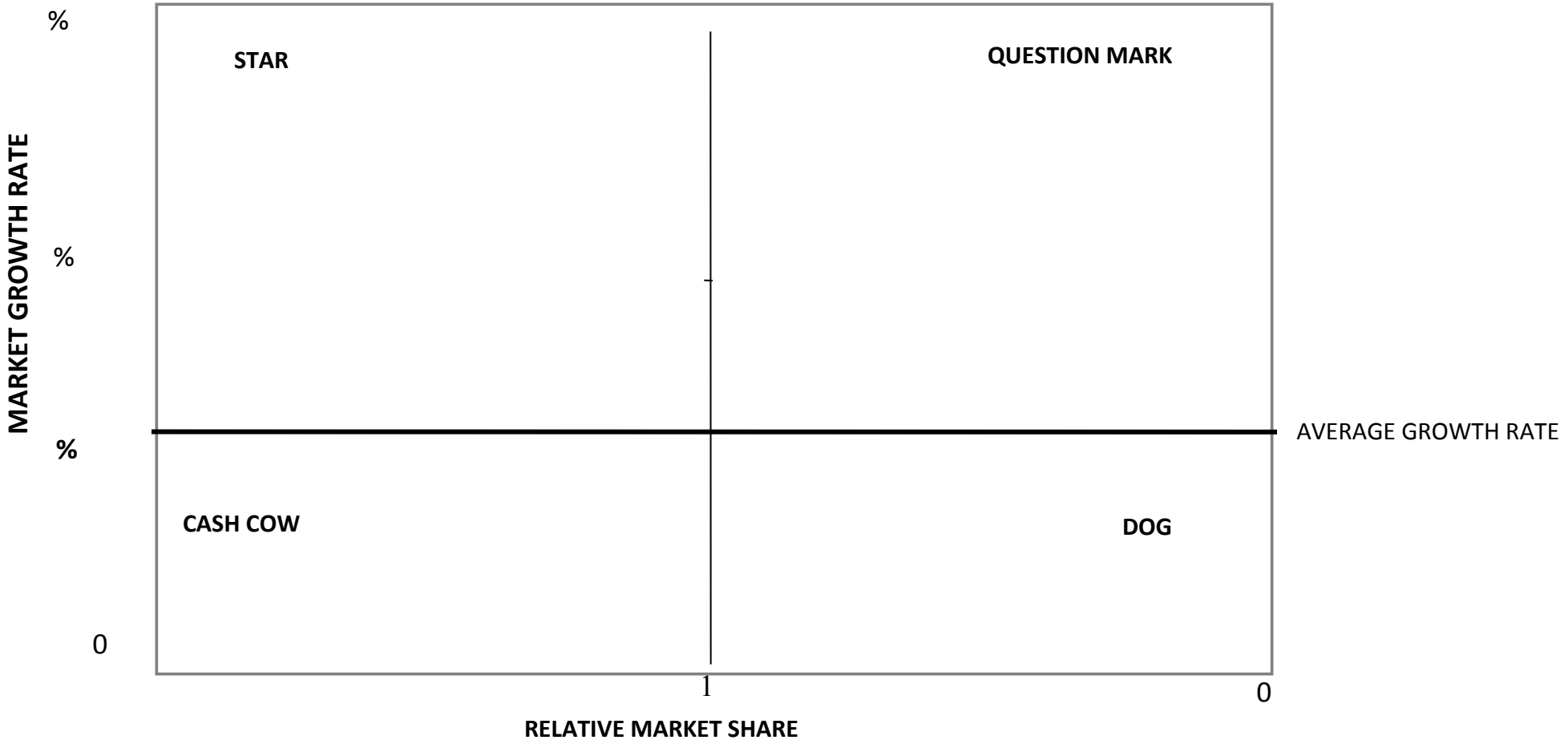
Calculate the relative market share

PRODUCTS PORTFOLIO	RELATIVE MARKET SHARE	
	FORMULA	RESULT
SBU 1		
SBU 2		
SBU 3		

Calculate the average market growth rate

PRODUCTS PORTFOLIO	GROWTH RATE	FORMULA OF THE AVERAGE GROWTH RATE	RESULT
SBU 1			
SBU 2			
SBU 3			

Put the SBUs in the matrix



INDICATE THE POSSIBLE STRATEGIES