

Assignment – Applying the Growth-Share matrix

VU Strategic Management

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1. Calculate market share and growth for the four product lines of COMPRESS.

Columns “share_diff_perc” (Growth) is the percent difference between shares in 2014 and 2015.

INDUSTRIAL COMPRESSING

	2014	2015	Diff	Diff_perc	share_2014	share_2015	share_diff_perc
COMPRESS	28.0	30.0	2.0	0.07	0.28	0.29	0.04
CompetitorA	22.0	25.0	3.0	0.14	0.22	0.25	0.14
CompetitorB	20.0	20.0	0.0	0.00	0.20	0.20	0.00
CompetitorC	30.0	27.0	-3.0	-0.10	0.30	0.26	-0.13
Total market	100.0	102.0	2.0	0.02	1.00	1.00	0.00

MOBILE COMPRESSING

	2014	2015	Diff	Diff_perc	share_2014	share_2015	share_diff_perc
COMPRESS	26.0	25.0	-1.0	-0.04	0.52	0.50	-0.04
CompetitorA	7.0	5.0	-2.0	-0.29	0.14	0.10	-0.29
CompetitorB	7.0	8.0	1.0	0.14	0.14	0.16	0.14
CompetitorC	10.0	12.5	2.5	0.25	0.20	0.25	0.25
Total market	50.0	50.5	0.5	0.01	1.00	1.00	0.00

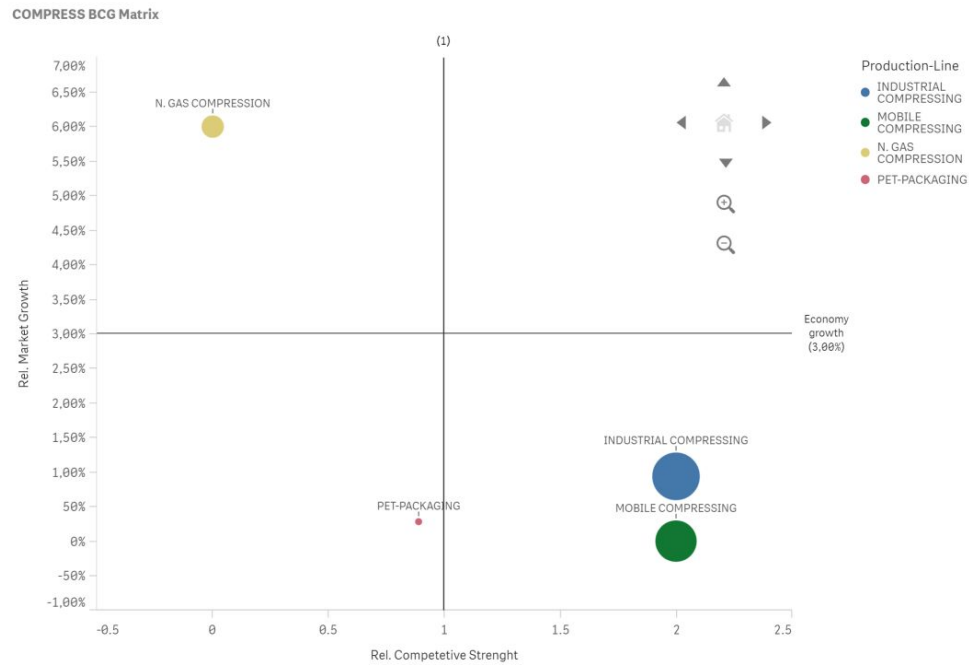
PET-PACKING

	2014	2015	Diff	Diff_perc	share_2014	share_2015	share_diff_perc
COMPRESS	20.0	20.0	0.0	0.00	0.05	0.05	0.00
CompetitorA	60.0	100.0	40.0	0.67	0.15	0.25	0.67
CompetitorB	90.0	88.0	-2.0	-0.02	0.22	0.22	0.00
CompetitorC	230.0	200.0	-30.0	-0.13	0.57	0.49	-0.14
Total market	400.0	408.0	8.0	0.02	1.00	1.00	0.00

NATURAL GAS COMPRESSION

	2014	2015	Diff	Diff_perc	share_2014	share_2015	share_diff_perc
COMPRESS	15.0	25.0	10.0	0.67	0.11	0.17	0.55
CompetitorA	31.0	32.0	1.0	0.03	0.22	0.22	0.00
CompetitorB	49.0	50.0	1.0	0.02	0.35	0.34	-0.03
CompetitorC	45.0	40.0	-5.0	-0.11	0.32	0.27	-0.16
Total market	140.0	147.0	7.0	0.05	1.00	1.00	0.00

2. Draw the growth-share matrix based on this information.



3. Derive strategic implications based on the results of your analysis and justify them.

- CASH COWS/Better than main competitors/Below market growth average:
 Industrial Compressing, Mobile Compressing

Well established with high market shares, but with low growth. It is to expect, based on product life-cycle, that Industrial Compressing and Mobile Compressing lines revenues and profits are going to decline some time in future. At the moment, they are the “blood” of the company and this situation should be used to supply funds for future projects.

- DOGS/Worse than main competitors/Below market growth average:
 Pet-Packaging

With positive net-revenues this business line can be kept. Investigation into cost reduction and process automation should be made in order to make this line as profitable as possible. This is a stable and big market (biggest of all) and participation is important also for promoting other product lines.

- QUESTION MARK/Worse than main competitors:

Natural Gas Compression

This is where most funds from CASH COWS should be invested in order to convert this line into a STAR. This is potential future of the company and potential POOR DOG transition should be not allowed. Although being latecomer on this market, COMPRESS already makes significant cash-flow with this line. Growth potential is huge and this market is where most of current resources should flow in.