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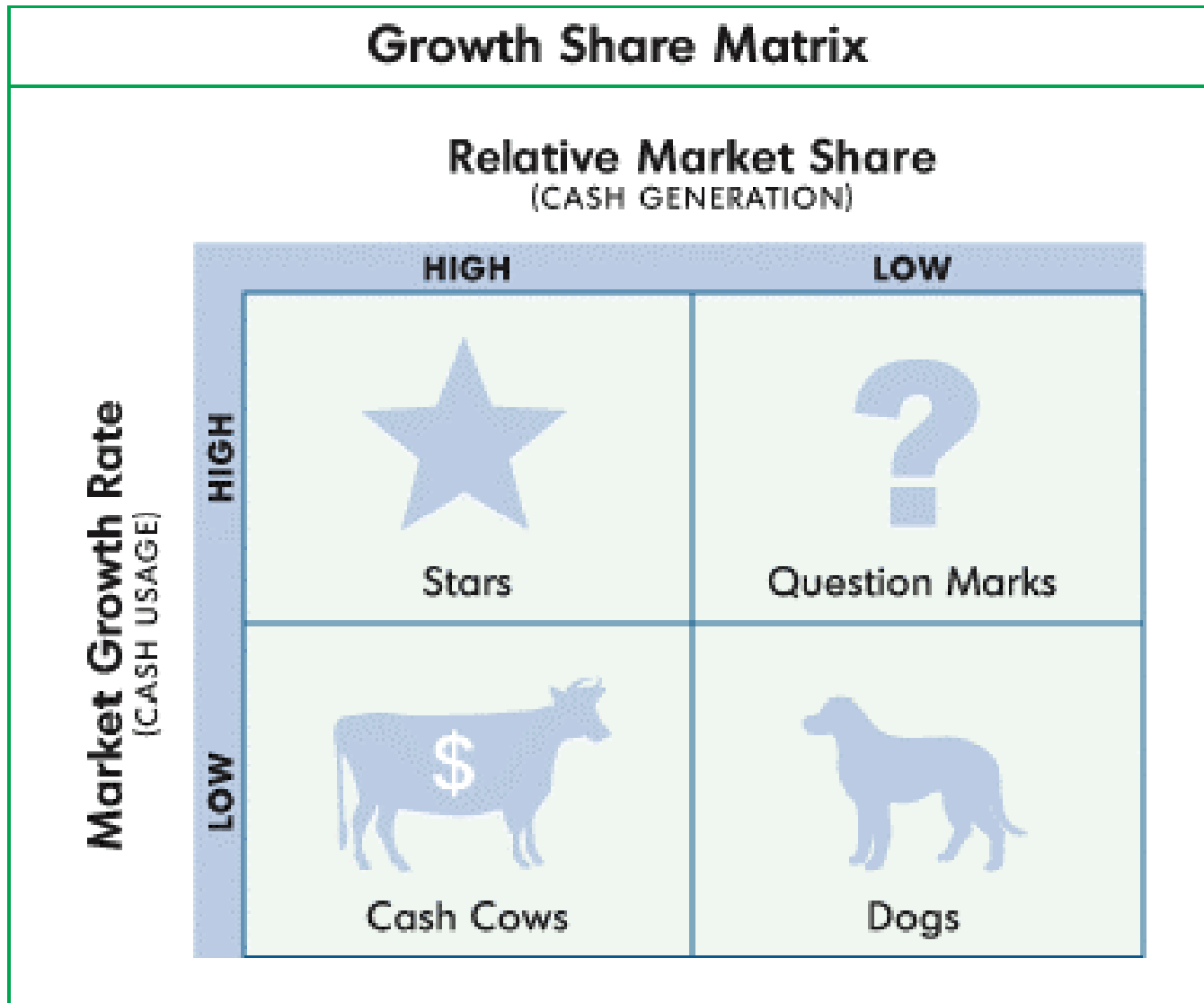
# Level 3 Certificate in Marketing

Boston Consulting Group  
(BCG) Matrix and the  
Product Life Cycle (PLC)

The BCG Matrix and the Product Life Cycle are two important tools that relate to different aspects of a product's performance:

- The BCG looks at market share and market growth and how they impact on cash usage and generation.
- The PLC looks at sales/revenues over time and levels of profitability.

# Boston Consulting Group (BCG) Matrix



# Boston Consulting Group (BCG) Matrix

There are four sections relating to market share and market growth:

1. The Question Mark
2. The Rising Star
3. A Cash Cow
4. A Dog

# 1. A Question Mark

## Characteristics:

- New product in the market
- Very small market share
- Very small revenue
- Heavy marketing expenses to launch the product and trying to get it established
- No one really knows whether it will succeed or not yet

## 2. A Rising Star

### Characteristics:

- A product that is becoming established in the market
- Is now gaining market share
- Still requires heavy marketing expenditure
- Now earning good revenue
- Sales growth continues to improve
- Reaching break even point between revenues and expenses

# 3. A Cash Cow

## Characteristics:

- Product is now well established
- Has a significant market share
- Is generating large revenue
- Sales growth is reasonably static
- Marketing expenses greatly reduced
- Contributing a lot of revenue/profit to the company

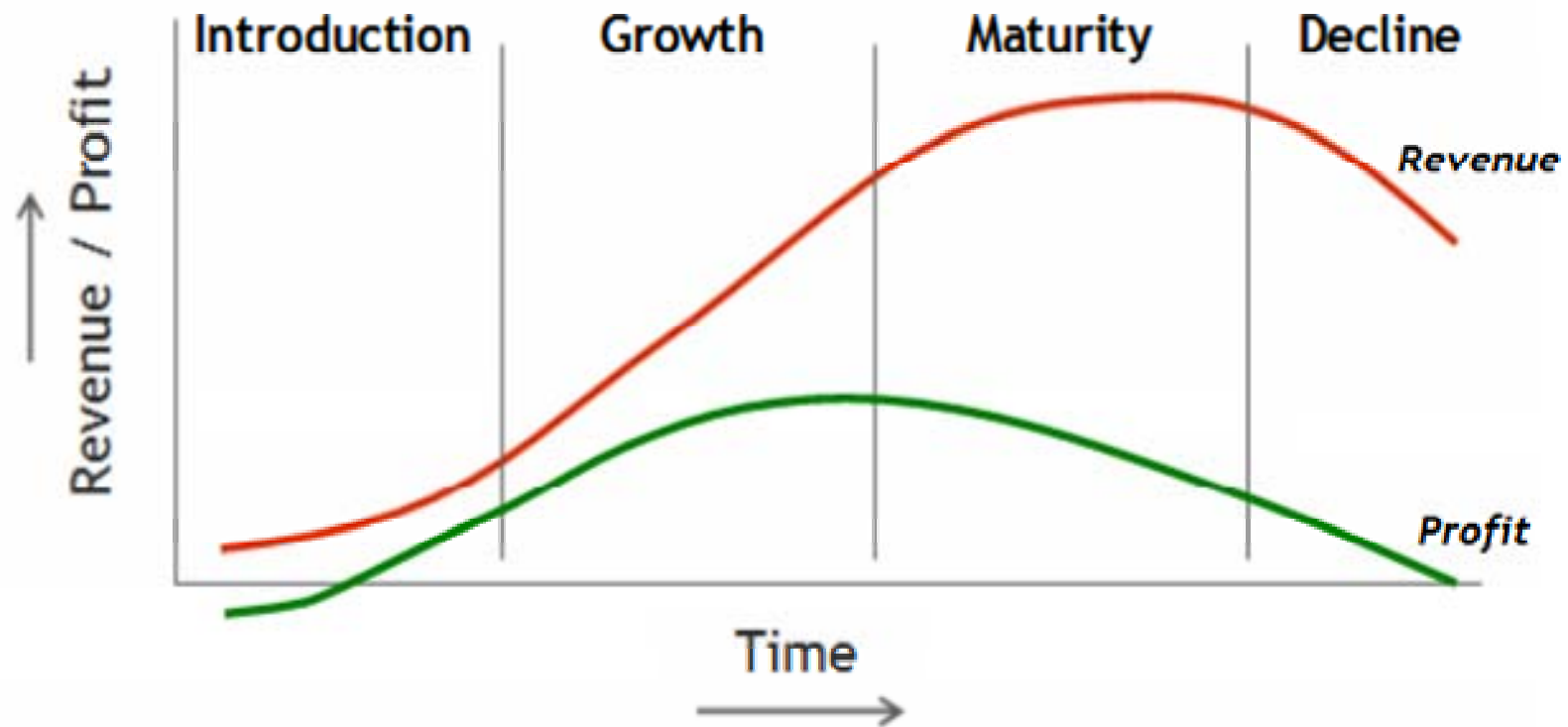
## 4. A Dog

### Characteristics:

- This is a product that has falling sales
- It has a falling market share
- It is a product that is coming to the end of its life
- Producing very small revenue
- Company will not waste money on further marketing expenditure

# The Product Life Cycle (PLC)

## Product Life Cycle



# The Product Life Style (PLC)

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The basic Product Life Style also has four stages:

1. The Launch Stage
2. The Growth Stage
3. The Saturation (or Maturity) Stage
4. The Decline Stage

# 1. The Launch Stage

## Characteristics:

- A new product in the market
- Low sales to start with
- In the early stage of its life
- Is losing money as it requires high marketing expenditure

## 2. The Growth Stage

### Characteristics:

- Product is now becoming established in the market
- Sales are increasing
- Still requires a lot of marketing expenditure
- Sales income reaching the same level as marketing expenditure
- Should begin to make profits for the company

# 3. The Saturation (Maturity) Stage

## Characteristics:

- Product is now becoming established in the market
- Sales are increasing
- Still requires a lot of marketing expenditure
- Sales income reaching the same level as marketing expenditure
- Should begin to make profits for the company

## 4. The Decline Stage

### Characteristics:

- product is now becoming old and out-of-date
- newer, better products are now in the market
- sales are falling rapidly
- marketing expenses reduced to nil
- product very likely to be discontinued

# Comparing the BCG & The PLC

- Low market share, low sales and losing money  
= QUESTION MARK or LAUNCH STAGE
- Increasing market share, increasing sales,  
breaking even  
= RISING STAR or LAUNCH STAGE

# Comparing the BCG & The PLC

- High market share, large volume sales, generating good profits  
  
= CASH COW or SATURATION (MATURITY) STAGE
  
- Falling market share, falling sales, minimal profits  
  
= DOG or DECLINE STAGE