*Strategic Management*, 9e: Chapter 9 study guide

Use market growth and market share data to identify the position in BCG matrix

And how market growth and market share impact on company cash flow and profits

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| --- | --- | --- | --- |
| *Typical market growth % per year* | *Market growth classification* | *Company impact on…* | |
|  |  | *cash flow* | *profits* |
| +20% to +200% | Embryonic | Negative | Loss |
| +5% to +20% | Growing | Negative | Possible profit |
| +1% to +5% | Mature | Positive | Good |
| -10% to +1% | Ageing | Should be positive | Should be in profit |
| Grow, decline, grow, decline, etc. | Cyclical | Varies but should be positive in growth phase | Varies but should be in profit in growth phase |
|  |  |  |  |
| Typical market share % |  |  |  |
|  |  |  |  |
| 1% to 4% | Weak | Possibly positive in short term | Possible profit in short term |
| 5% to 10% | Viable | Probably positive | Probably profitable |
| 10% to 30% | Strong | Positive | Positive |
| 31% and above | Dominant | Positive | Attractive |
|  |  |  |  |

*Note* the importance of *market definition* in the above: for example, defining a market narrowly will automatically inflate the market share of all companies in that market.