

Figure 2 Problems and solutions of subjective classification of BCG extension in spatial dimension.2

Therefore, from a methodology perspective, there is a need to improve the subjective classification from broadly three aspects: 1) systematic classification rule; 2) customized classification scenario analysis for logic classification searching; Undoubtedly, the exploratory is needed to determine the proper/logic classification. Specifically, the limitations can be summarized from the following perspectives: 1) the distinction between high and low is highly subjective; 2) the use of BCG analysis can't help managers take into account synergies that may possibly exist among the various SBUs within the product portfolio; 3) the assumed causal relationship between market share and profitability may not truly exist. In Figure 1, four distinct products (or market situation) are identified and given by a metaphoric name, suggesting the implications that each holds for a firm's marketing strategy: cash cows (to be milked), stars (to sustain their ascendancy), problem children (to treat with caution), and dogs (to avoid) [2]. The BCG matrix measures market attractiveness by market growth rate in vertical axis, and it assesses the firm's ability to compete by its relative market share in horizontal axis.

2.1 BCG Matrix Analysis and Its Significance in Marketing Planning

The BCG matrix (Figure 1) classifies products from the perspective of a single company and its particular products or SBUs (Strategic Business Unit). Therefore, in the positive side, portfolio models provide a systematic method for resource allocation decisions [2]. Each axis is delineated in 'High' and 'Low' categories