



McKinsey Matrix

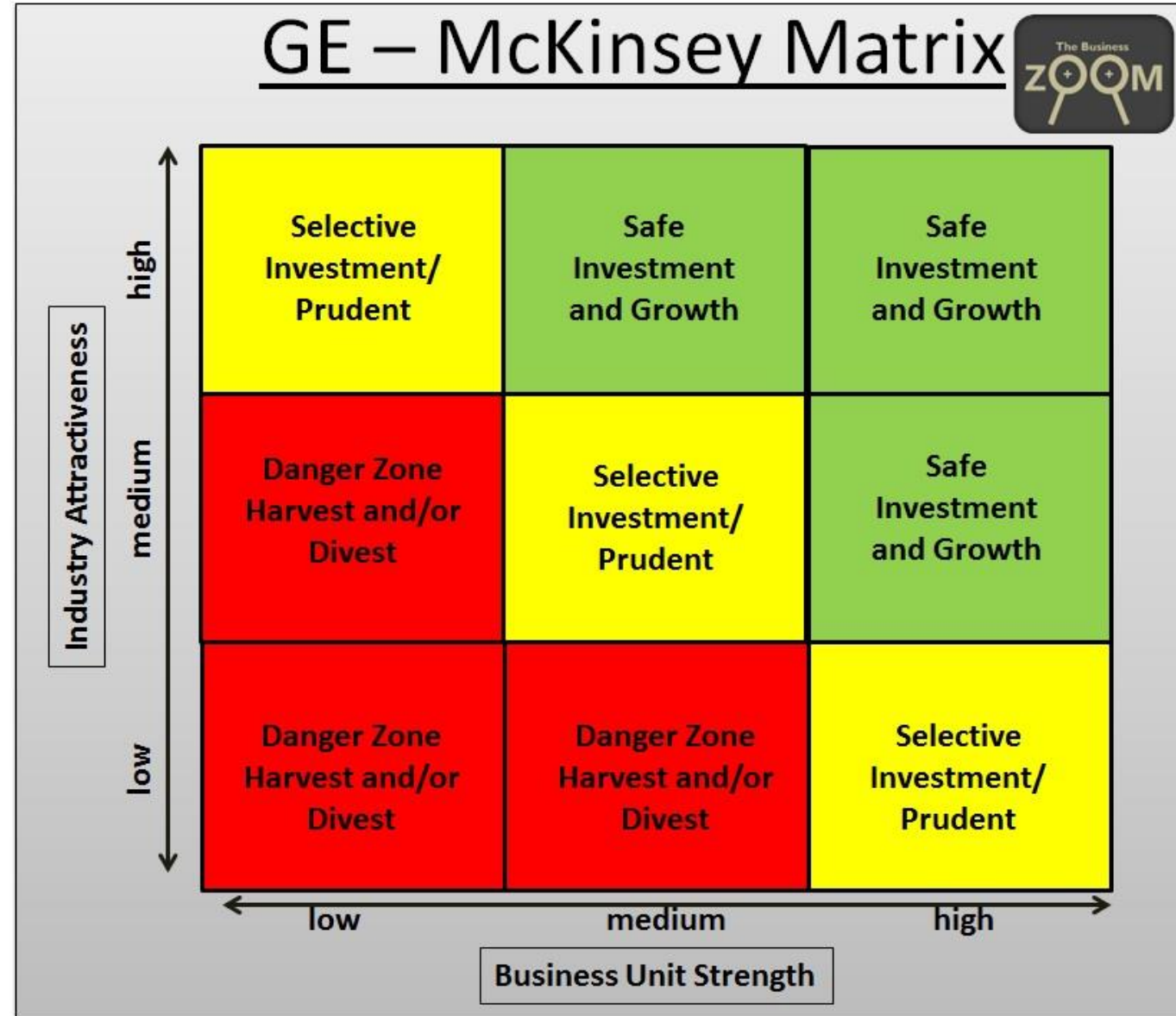
LECTURE 11

Agenda

- The meaning of McKinsey matrix
- Features
- Indicators
- Steps for building the matrix
- How to measure

Definition

The industry attractiveness-competitiveness matrix, otherwise known as the General Electric (GE) / McKinsey matrix, is a portfolio analysis method that is used to develop strategies for the development of a company's assortment. The GE / McKinsey model is a 9-cell matrix for comparative analysis of the company's strategic business lines.

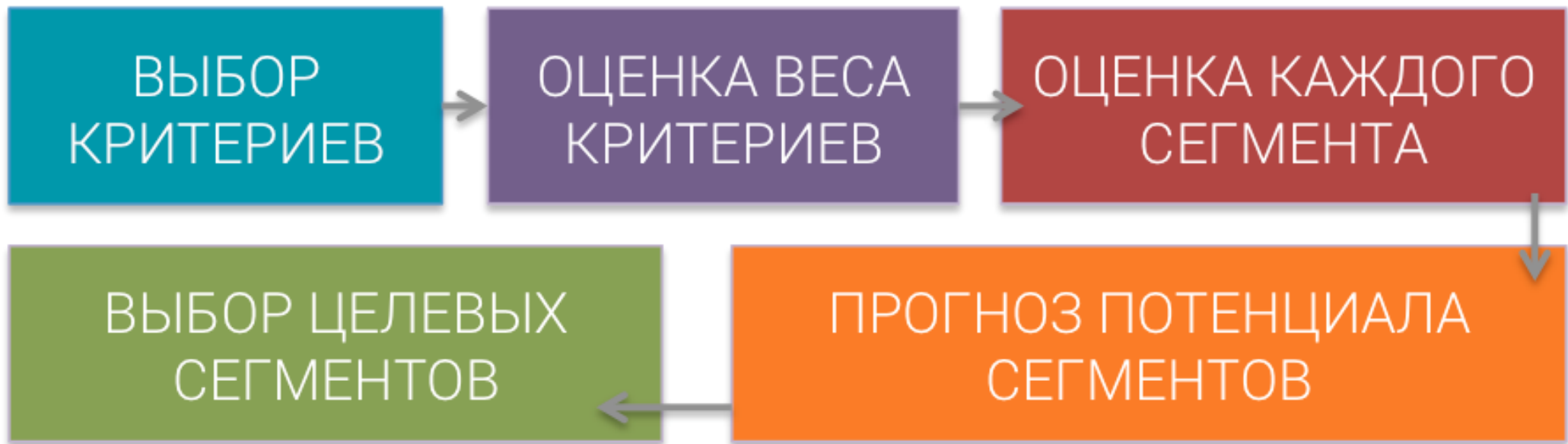


		Конкурентоспособность сегмента		
		низкая (0-3 балла)	средняя (4-7 баллов)	высокая (8-10 баллов)
Привлекательность сегмента	высокая (8-10 баллов)		высокий потенциал	высокий потенциал
	средняя (4-7 баллов)	низкий потенциал		высокий потенциал
	низкая (0-3 балла)	низкий потенциал	низкий потенциал	

The main feature of the McKinsey model is the use of weighting factors when building the model and taking into account industry development trends.

In practice, the General Electric (GE) / McKinsey matrix allows you to answer the following questions:

- which of lines of business should the company develop
- in which of the directions the company will incur losses in the long run
- what products need to be competitive
- what products are the priority in promotion and development
- how to most effectively allocate resources within the company between departments
- in what directions should the use of company resources be reduced due to their unattractiveness



Steps for building the Matrix



Selection of criteria for measuring the attractiveness of segments and assessing the level of competitiveness of the company in each segment



Determining the weight (= importance) of each criterion of attractiveness and competitiveness



Evaluation of each segment according to the selected criteria of attractiveness and competitiveness



Determining the potential of each segment based on consumer and market trends



Selection of target segments and distribution of company resources

Basic indicators

- the higher **the competitiveness** of the product, and the higher the attractiveness of the market, the higher the potential for success in this area of business
- the weaker the company's product relative to competitors, the lower **the attractiveness of the industry** - the lower the opportunities for business growth in this direction.

For measuring the competitiveness ...

- You can use:
 - **Market share.**
 - Which is your Market share.
 - **Your average profitability.**
 - You can compare it with the market average.
 - **The size of your Product Mix.**
 - How deep you have penetrated the market.
 - **The strength of your Brand.**
 - How an average customer perceives your Brand.

Factors that affect market attractiveness

- Market growth.
- Pricing trends.
- Intensity of the competition.
- Overall risk in the industry.
- Buying power of potential consumers