



## Content

Overview of Macro Marketing: Industry and Competitive Analysis

Overview of Industry

Industry Analysis: What, Role of the Industry Analysis in Business Planning & Structure,

Structure of an industry analysis: Detailed Steps to Development

1. Industry Definition
2. Industry Size, Growth Rate, and Sales Projections
3. Industry Structure, Channel, Participants & Key Success Factors
4. Industry Trends: PESTLE
5. Apply to Model: Industry Life Cycle
6. Industry Trends: SWOT
7. Long Term Prospects

## Overview of Macro Marketing



### Macro marketing Focus

- Industry Definition
- Industry Analysis (sometimes called a profile)
  - Overview
  - Key Characteristics
  - Models: Present Model and Analysis
  - Highlights
- Competitive Analysis
  - Overview & Identification of Competition
  - Description of Major Competition
  - Models: Present and Analysis
  - Highlights

## Overview of industry



### What is an industry?

- Defined as “the collection of competitors that produces similar or substitute products or services to a defined market”
- Industry segments are formed as the products or services of the industry are targeted to particular subsets of the general market
- Whether it’s an industry or a segment, it’s still referred to as “the industry”

# Industry Analysis



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## Why do Business Owners Need to Research and Develop an Industry Analysis?

- To make sure it has desirable characteristics
  - **Best** industries to enter - high-growth and profitable with low barriers to entry
  - **Worst** industries to enter are declining, barely profitable, highly competitive and regulated, with higher barriers to entry
  - **Potential:** Big, if somewhat slower-growing, market with competitors who have lost touch with the market, leaving the door open for new businesses to enter.
- To be prepared for the way it's changing
- To understand better how to compete

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## What is an Industry Analysis?

- Snapshot analysis of the state of your industry and any trends taking place, and defines where the business will fit in that industry
- Supported with market research



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## Role of the Industry Analysis in Business Planning

- Provides the evidence for your product opportunity
- Tool that facilitates a company's understanding of its position relative to other companies that produce similar products/services.
- Enables small business owners to identify the threats and opportunities facing their businesses
- Supports focus of resources on developing unique capabilities to develop sustainable competitive advantage.

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## Structure of the Industry Analysis

1. Industry Definition
2. Industry Size, Growth Rate, and Sales Projections
3. Industry Structure, Participants, Supply Channel & Key Success Factors
4. Industry Trends: Use PESTLE
5. Apply the Model: Industry Life Cycle
6. Apply the Model: SWOT
7. Long Term Prospect Assessment

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## Structure of the Industry Analysis : Detailed Steps to Development



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## 1. Industry Definition

Clearly define your industry

Try to label the industry or segment as accurately as you can

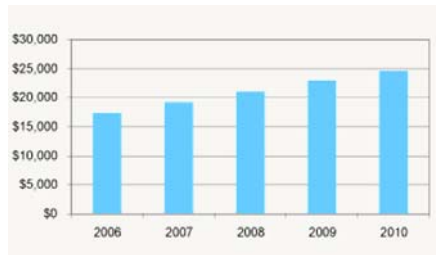
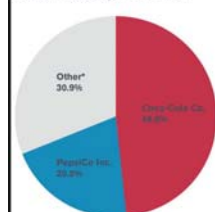
- Use NAICS code and supporting resources (e.g. IBIS World, Bizminer, Mintel) to get background
- Include geographic scope
- Develop a name if none exists – for example, “No Nonsense EV Vehicles”  
Imagining you are the customer for this industry helps to come up with an accurate label
  - What am I buying?
  - What are my choices?
- **Why do we need this industry definition?**
- **What comes out of the Industry Definition step?**

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## 2. Industry Size, Growth Rate, and Sales Projections

- Provide an idea of the current status and potential of the industry:
  - Total industry-wide sales volume? In dollars? In units?
  - Trends in sales volumes within your industry?
  - Projections should include concrete numbers of anticipated sales and growth rates, and your own interpretation of published projections
  - Magazines / newspapers / trade publications may help
  - See Figure 5-2 in the text for a good example

**Carbonated Beverages**  
Global market: \$341.6 billion



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## 2. Industry Size, Growth Rate, and Sales Projections

**What comes out of the step?**

**Good coverage and view of the industry via numbers:**

- (1) Always display financial information, such as industry sales and growth rate, in a multiyear format, making it easy to spot trends.
- (2) Display your information graphically, if possible.
- (3) Provide information about your industry on a regional or local basis if appropriate.
- (4) Avoid the temptation to report only positive or flattering information about your industry.

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## 3. Industry Structure, Participants, Channel & Key Success Factors

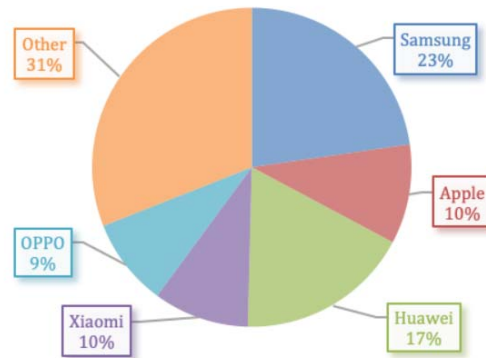
- **Structure, Participants and Channel:** System of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer.
  - Structure:
    - Concentration of the Industry: How big are the firms and how much market share?
    - Power and coordination in the market –where is the power held?
    - Examples: High Concentration: Dominated by few large firms versus Fragmented: Large number of smaller companies
  - Channel:
    - Detail of channel indicating how product moves to market
  - Participants:
    - Players in the channel and intermediaries – names, resources and size
    - Role of government policy and international trade

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## Example Structure

### GLOBAL SMARTPHONE MARKET SHARE (2Q'19)



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## Example: channel: consumer based options

Increasingly common as online sales increase



*Most common for food product*



Examples of Customer Marketing Channels

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## Example channel - Simple

- Channel consists of building in which producers or retailers rent space
- Producers sell direct to consumers



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## Example channel- Complex



Longer, more complex, often involving a number of steps “midstream” which lead to significant transformations

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### 3. Industry Structure, Participants, Channel & Key Success Factors

- **Key Success Factors**
- What a firm must be good at to be successful in the industry:
  - Be competent in all factors, OR excel in two or three factors
  - Factors vary by industry
- Examples:
  - Beer production - brewing skills
  - Restaurant – chef?
  - Retail apparel can be low cost, superior service, superior design
  - Drugs – R & D

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### 3. Industry Structure, Participants, Channel & Key Success Factors

#### **What comes out of the Industry Structure, Participants, Supply Channel & Key Success Factors Step?**

- Supply Channel Diagram noting participants in the channel and influencing the channel
- Brief Description of Industry&/or Main Channel Participants including concentration/size
- Key Success Factors: Current, Past and Future

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## 4. Industry Trends

- Environmental Trends
  - Economic trends
  - Social trends
  - Technological advances
  - Political and regulatory changes
- Business Trends

Reminder: We walked through these in some detail in Lecture 2.

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## 4. Industry Trends: Utilize PESTLE model

- A PESTLE analysis can be used to identify and analyse the key trend/drivers of change in the external business environment. Review categories:
  - Political
  - Economic
  - Social
  - Technological
  - Environmental
  - Legal

### **What comes out of the PESTLE?**

- 5 or 6 main characteristics & trends (e.g., consumption, demand, production, demographics, price, regulatory, input costs, or profit margins)
- Industry and not firm focused
- Not all items are important to every industry!

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## 4. Industry Trends: Utilize PESTLE model

P	E	S	T	E	L
Political	Economic	Social	Technological	Environmental	Legal
<ul style="list-style-type: none"> <li>Government policy</li> <li>Political stability or instability overseas</li> <li>Foreign trade policy</li> <li>Tax policy</li> <li>Labor laws</li> <li>Terrorism and military considerations</li> <li>Environmental laws</li> <li>Funding grants and initiatives</li> <li>Trade restrictions</li> <li>Fiscal policy</li> </ul>	<ul style="list-style-type: none"> <li>Economic Growth</li> <li>Interest Rates</li> <li>Exchange rates</li> <li>Inflation</li> <li>Disposable income of consumers</li> <li>Disposable income of businesses</li> <li>Taxation</li> <li>Interstate taxes</li> <li>Wages rates</li> <li>Financing capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Population growth</li> <li>Age distribution</li> <li>Health consciousness</li> <li>Career attitudes</li> <li>Customer buying trends</li> <li>Cultural trends</li> <li>Demographics</li> <li>Industrial reviews and consumer confidence</li> <li>Organizational image</li> </ul>	<ul style="list-style-type: none"> <li>Producing goods and services</li> <li>Emerging technologies</li> <li>Technological maturity</li> <li>Distributing goods and services</li> <li>Target Market Communication</li> <li>Potential Copyright infringements</li> <li>Increased training to use innovation</li> <li>Potential Return on Investment (ROI)</li> </ul>	<ul style="list-style-type: none"> <li>The decline of raw materials</li> <li>Pollution and green house gas emissions</li> <li>Promoting positive business ethics and sustainability</li> <li>Reduction of their carbon foot print.</li> <li>Climate and weather</li> <li>Environmental Legislation</li> <li>Geographical location (and accessibility)</li> </ul>	<ul style="list-style-type: none"> <li>Health &amp; Safety</li> <li>Equal Opportunities</li> <li>Advertising Standards</li> <li>Consumer Rights and laws</li> <li>Product Labeling</li> <li>Product Safety</li> <li>Safety Standards</li> <li>Labor Laws</li> <li>Future Legislation</li> <li>Competitive Legislation</li> </ul>

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## 4. Industry Trends: Utilize PESTLE model

- PESTLE model examples
  - Food Industry
    - <https://pestleanalysis.com/pestle-analysis-of-the-food-industry/>
  - Pepsi
    - <https://pestleanalysis.com/examples-of-pestle-analysis/>

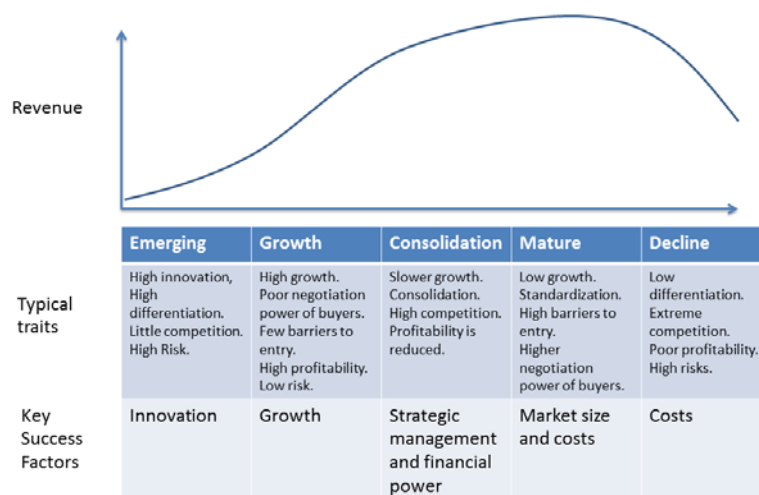
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## 5. Apply the Model: Industry Life Cycle

- Recognize that industries:
  - Evolve over time, both structurally and in terms of overall size.
  - Structure and competitive forces shape the environment in which businesses operate change throughout the life cycle.
- Industry life cycle is measured in
  - Total industry sales and the growth of total industry sales.
- Not the same as the product life cycle: Why?
  - Within an industry there is a constant updating of products.
    - Ex: TV manufacturers: monochrome TVs, colour TVs , home systems, screen techn, plasma, ..
- Do not assume pre-determined pattern of industry development.

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## 5. Apply the Model: Industry Life Cycle



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## 5. Apply the Model: Industry Life Cycle

Consider the following:

**Emergent Industries**

**Mature Industries**

**Industries experiencing Shakeout/Consolidation**

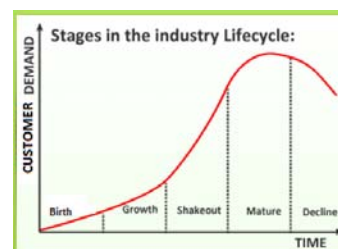
Shakeout is a term used in business and economics to describe the consolidation of an **industry** or sector, in which businesses are eliminated or acquired through competition. ... **Shakeouts** can often occur after an **industry** has experienced a period of rapid growth in demand followed by overexpansion by manufacturers.

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## 5. Apply the Model: Industry Life Cycle

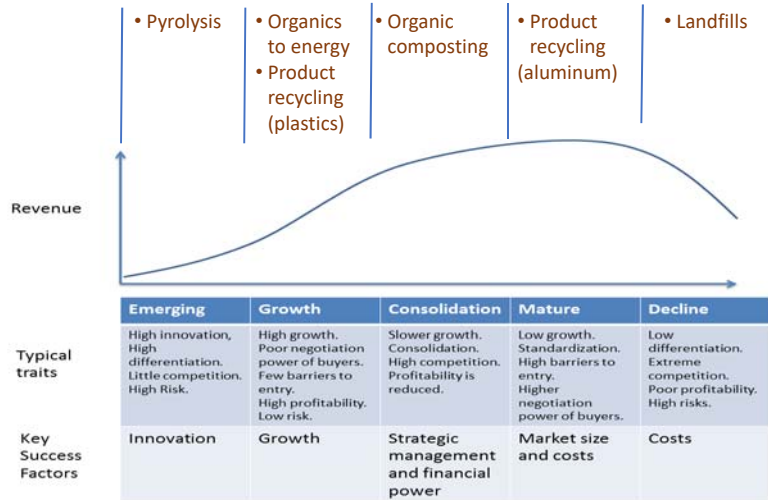
**What comes out of the Industry Life Cycle?**

Basic description of the current stage of the industry.. And how soon the next one will likely come up!



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## Solid Waste Management example



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## Other examples to explore

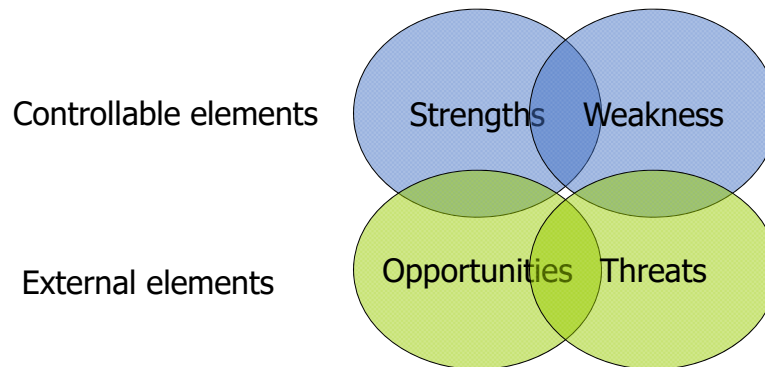
- Ride Share
- Car Share
- Technology
- Oil
- Tobacco
- Beer
- Electric Vehicles
- Desktops

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## 6. Industry Trends: SWOT

- A SWOT analysis guides you to identify the positives and negatives inside your industry (Strength & Weakness) and outside of it, in the external environment (Opportunity & Threat).



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## 6. Industry Trends: SWOT

More commonly applied to a firm (and we'll do that soon)

But can also be applied to an **industry**

- Uncovers both current and future factors that influence the industries (and the companies in that industry) performance.
- Reviews the attractiveness of industry now and future in terms of growth, rivalry and profit potential

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## SWOT

S STRENGTHS	W WEAKNESSES	O OPPORTUNITIES	T THREATS
<ul style="list-style-type: none"> <li>Things your company does well</li> <li>Qualities that separate you from your competitors</li> <li>Internal resources such as skilled, knowledgeable staff</li> <li>Tangible assets such as intellectual property, capital, proprietary technologies etc.</li> </ul>	<ul style="list-style-type: none"> <li>Things your company lacks</li> <li>Things your competitors do better than you</li> <li>Resource limitations</li> <li>Unclear unique selling proposition</li> </ul>	<ul style="list-style-type: none"> <li>Underserved markets for specific products</li> <li>Few competitors in your area</li> <li>Emerging need for your products or services</li> <li>Press/media coverage of your company</li> </ul>	<ul style="list-style-type: none"> <li>Emerging competitors</li> <li>Changing regulatory environment</li> <li>Negative press/media coverage</li> <li>Changing customer attitudes toward your company</li> </ul>

WordStream

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## 6. Industry Trends: SWOT

### What comes out of the SWOT?

Basic SWOT listing prioritized from most to least harmful to the industry – and note why they are ranked as such.

#### Assessing Strengths and Weaknesses

Internal Factors	Weight	Rating	Weighted Score	Comments
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**Strengths**

**Weaknesses**

**Opportunities**

**Threats**

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## 6. SWOT Example: Wastewater Collection & Treatment

### Strengths

- Knowledgeable workforce
- Existing training/education programs
- Core public support for traditional objectives

### Weaknesses

- Aging infrastructure
- Coordination challenges (I&I)
- Limited incentives for efficiency improvements (public) or environmental improvements (private)

### Opportunities

- Technological advancements
- Increasing public desire for environmental improvements, supporting resource recovery

### Threats

- Rising public expectations for wastewater quality
- Increasing intensity and frequency of stormwater events
- Demographic shifts: retirements and knowledge loss
- Labour recruitment: affordability

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## 7. Industry Long Term Prospects & Conclusion

### What comes out of the Step?

- Brief Statement of Your Assessment of the Industry
  - Gives an idea of long-term prospect of the industry
- Note:
  - Do not include New Information – just use info from 1 to 6
    - Draw conclusions from previous sections, but do not repeat what was already said
    - Be consistent with previous information

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