

Entrepreneurship & Management functions (MAN301T)

Session 3

<https://sites.google.com/a/iiitdm.ac.in/sudhirvs/courses/entrepreneurship-management>



INDIAN INSTITUTE OF INFORMATION TECHNOLOGY,
DESIGN AND MANUFACTURING,
KANCHEEPURAM

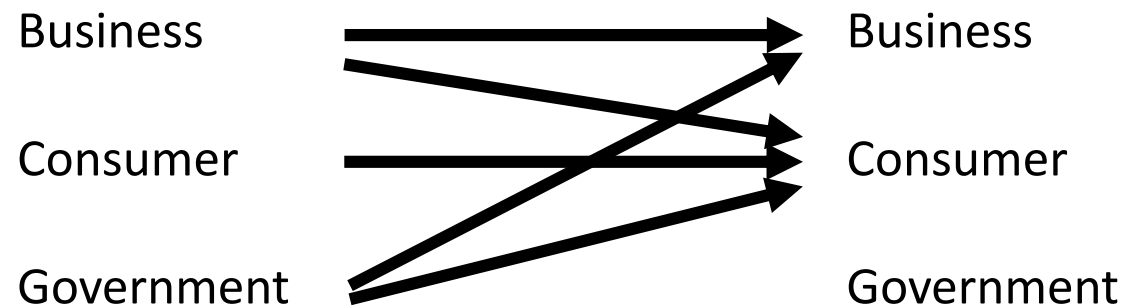
- Sudhir Varadarajan, Ph.D.

Contents

Understanding the business ecosystem

Competition Analysis – Porter's Five Forces Model

What is a market (noun)?

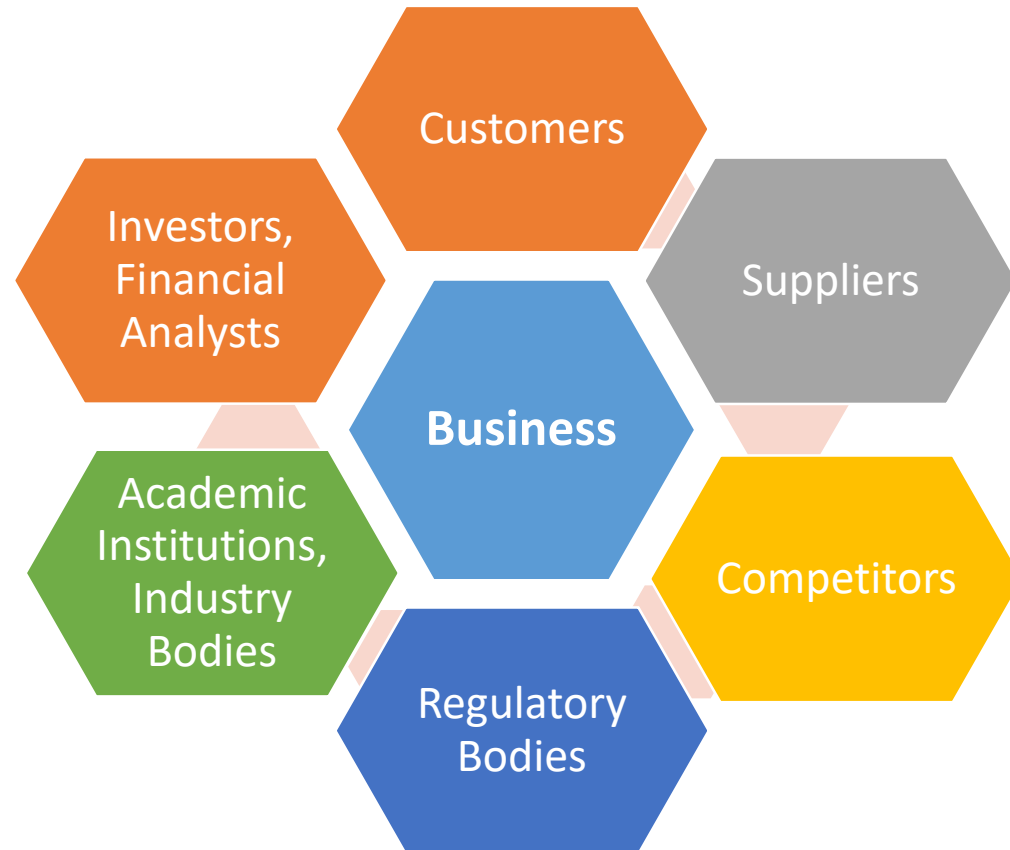


Physical
Virtual

By types of goods & services exchanged (labor, finance, commodities)

Legal vs Illegal

Key players in a Business Ecosystem



Different players will exhibit different kinds of pressures on the business (+ve and –ve)

Understanding these pressures and finding a path of alignment is the key for survival and growth over time

Exercise 3.1: List the key market players for your product / company

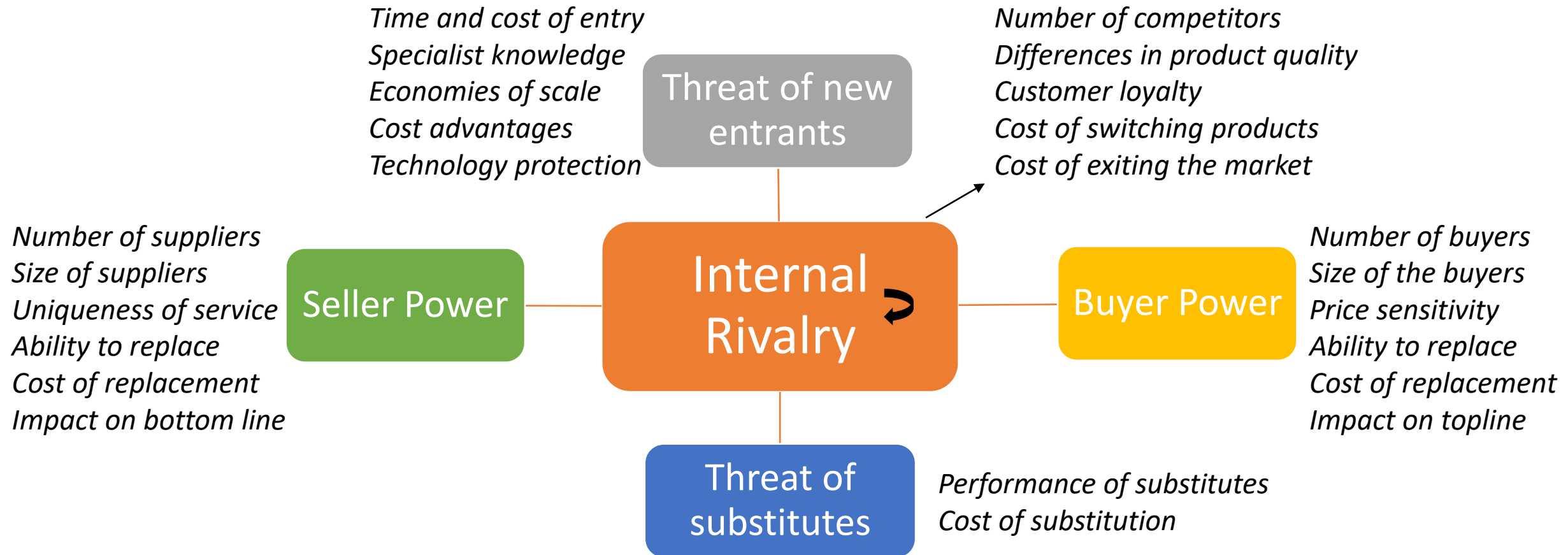


Contents

Understanding the market

Competition Analysis – Porter's Five Forces Model

Porter's Five Forces Model



An example from manufacturing: Five Forces in the Indian Automotive Industry (passenger cars)

Medium Entry Barrier

- *Capital and labor intensive*
- *Availability of trained manpower*
- *Economies of scale for large manufacturers*
- *Some technology protection*

- *Fragmented supply of raw material*
- *Small size of suppliers*
- *Low cost of substitution*

Low Seller Power

- **Too many competitors in car manufacturing,**
very few in LCV, tractors
- **Low customer loyalty**
- **Some brand power, but no real pricing power**
- **Low switching cost**
- **High cost of exiting market**

Increasing Buyer Power

- *Small size of buyers/orders (changing)*
- *Extreme price sensitivity*
- *High ability to substitute*
- *Low cost of substitute*

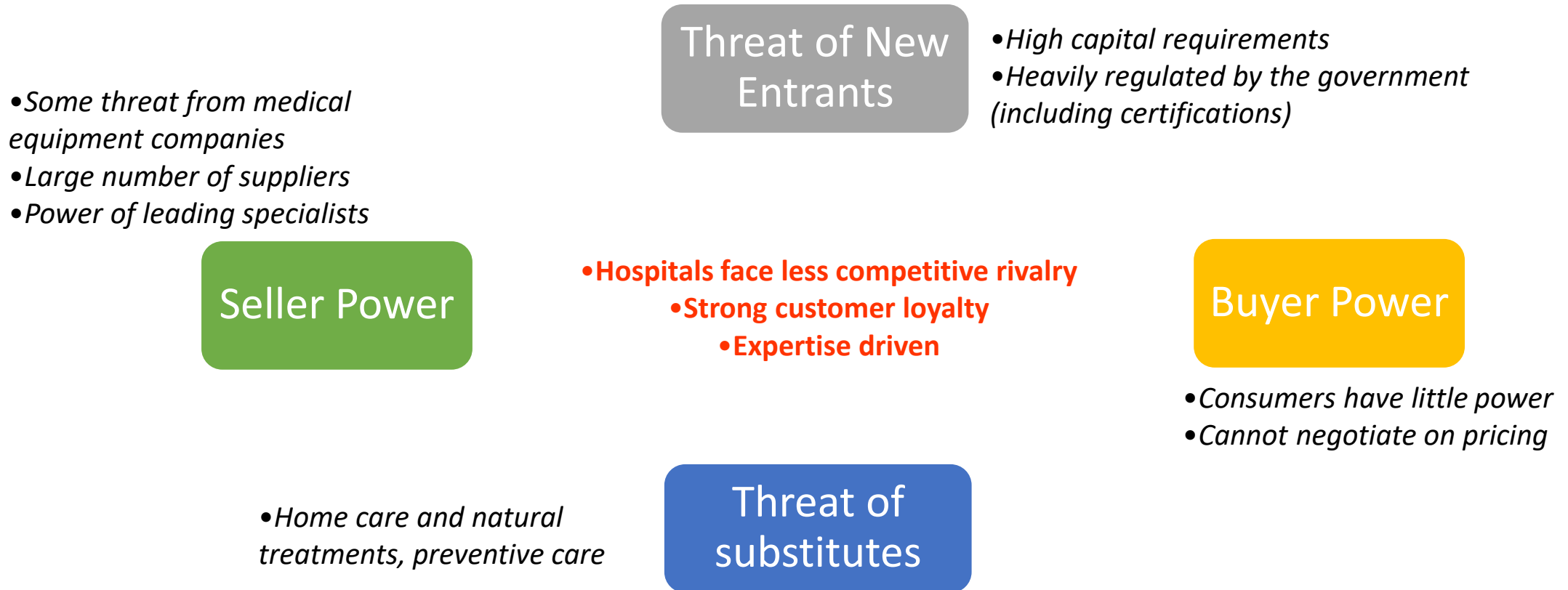
- *Low cost of substitution*
- *Multiple product options*
(example, cheap cabs on hire)

Threat of substitutes

Source: Public Information

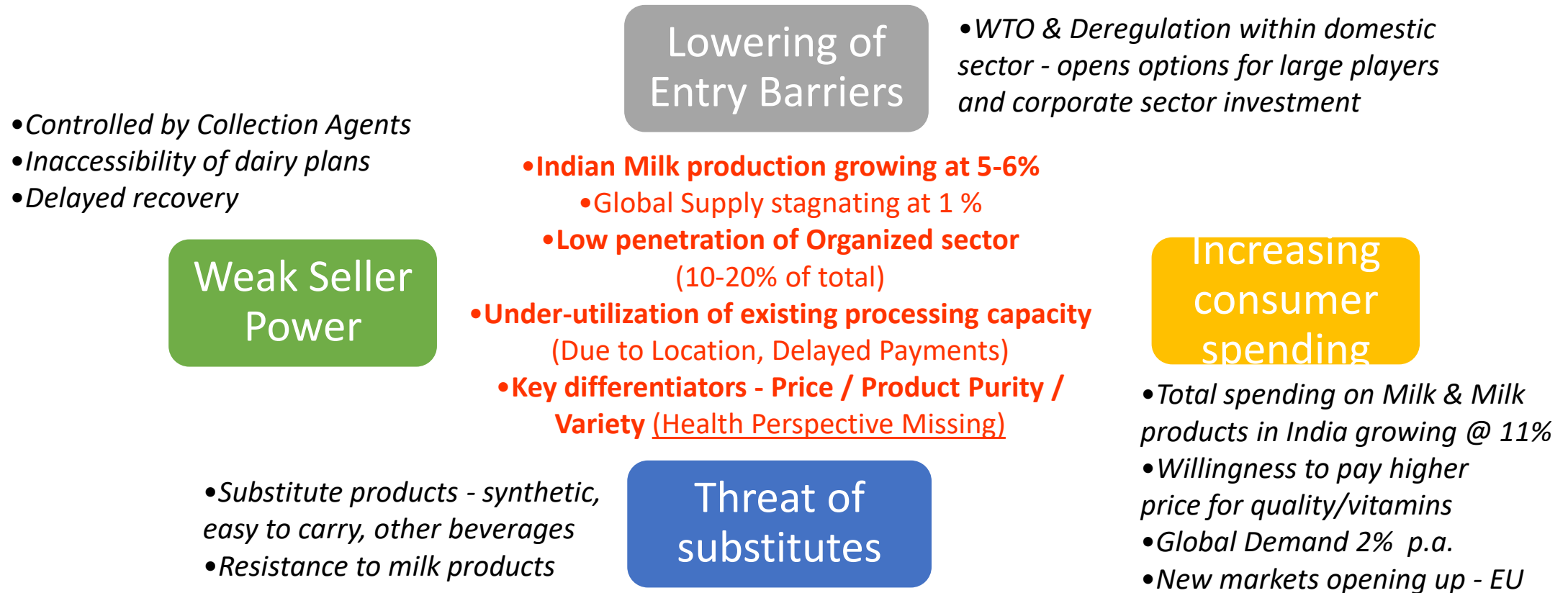


An example from services: Five Forces in the Healthcare Industry (Hospitals)



Source: Public Information

An example of agri-business: Five Forces in the Indian Dairy Industry



Source: Public Information (dated)



Exercise 3.2: Analyze competitive forces for your product-industry



Next Session

Value Chain Analysis and
Competitive Strategy

