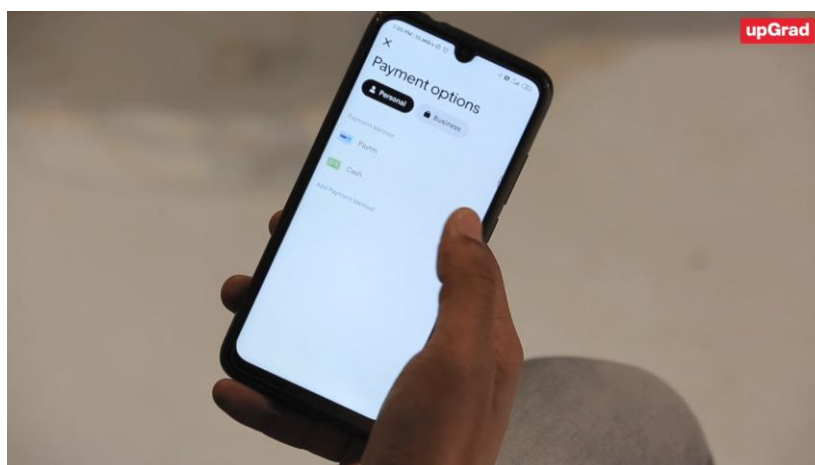


Transcription

Understanding the Industry



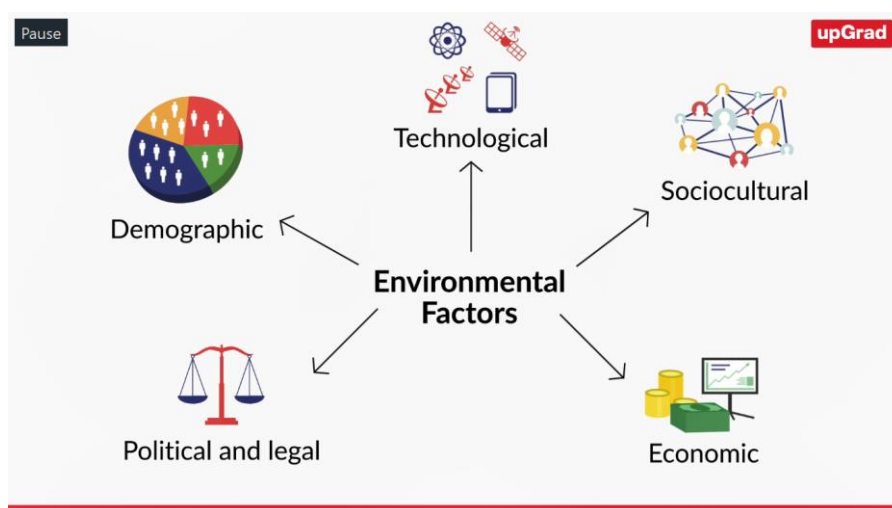
Hi. Now that you have a good understanding of how the course is structured, I'm sure you're excited to start learning and become a super PM. So, let's get started with the basics. In this session, you learn about all the factors you need to know in order to understand the industry your product operates in. You know, something happened today, and it got me thinking. I was travelling by Uber to get to work and it turned out that my PAYTM and balance wasn't enough. I was feeling too lazy to recharge my wallet then, so I just chose to pay by cash.




And it's not just me, there are many Indians who cannot or do not want to pay online and the pay by cash option comes in really handy. Interestingly, a company like Uber, which does not have the pay by cash option anywhere other in the world decided to launch in India. They must have found something different in the Indian market to decide to launch it here. And this got me thinking as a product manager, it's not enough to know what you want to sell. You also need to understand the WHO and the WHERE, the environment in which you're going to sell it. But what are the factors you need to consider for this? Let's hear from our subject matter experts.



So, within your industry, there'll be many factors beyond your control that'll affect your product both positively as well as negatively. As a product manager, it is important to be able to understand these factors even though you may not be able to influence them. So, the first thing that we look at is how you can do Environmental Analysis. It is possible that as a product manager you have identified the target segments and the right product offering for your users.



However, that is not always sufficient. You will also need to understand the environment in which the product operates. There are various environmental factors that as a product manager, you will need to keep in mind. For example, demographic factors, psychological factors, social, cultural, economic, political and legal aspects, etc. So, we will just take a quick look at what a PM needs to know in each of these areas.




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FACTORS INVOLVED IN ENVIRONMENTAL ANALYSIS

01
Demographic factors

- a. Population
- b. Age group
- c. Income
- d. Spending habits
- e. Ethnicity

The first one is demographic factors. Now this means to understand the population that's living in a particular area, the age group, the kind of income that they have, the kind of spending habits, the ethnicity, etc. If your product is targeted towards the working population, for example, in the age group of 25 to 34, then you would need a broad sense of an understanding as to where this population is located in order to be able to target your segments. Of course, you also need to get into much more finer details of the segment, but we'll go with that, on how to build the persona.



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MARKET SEGMENTATION

01
Behavioural

02
Demographic

03
Geographical

- a. Metro
- b. Tier 2 and 3 cities
- c. Age distribution
- d. Career attitudes
- e. Safety

There are many demographic aspects that can affect the product and its evolution in the market. Let's understand this better through the example of the E-commerce industry.

I think broadly there are a few waves in E-commerce and the way it works is, the first wave in E-commerce tends to be the wave of electronics and fairly standard. So, you have people buying mobile phones, digital cameras, books, DVDs, CDs, etc. online. And that's followed very often by a wave, which is the fashion wave wherein people buy brands or fashion, they know what those brands stand for in the real world. And therefore, when they're buying them online, they have a fair degree of comfort on the kind of products that they will be getting. And the third wave in E-commerce tends to be even more nonstandard products, which are products such as the products that pay for selves, which is furniture and home.

Now, if you look at the more developed part of the world, right, it took about 15 years for these three waves to materialize. And in India, these three waves happened in the span of five years. And today, we know that customers buy a lot of home and furniture products online and so on. So, that's the evolution of shopping behaviour. But what that results in is a whole bunch of things related to the demographics of the customer change.

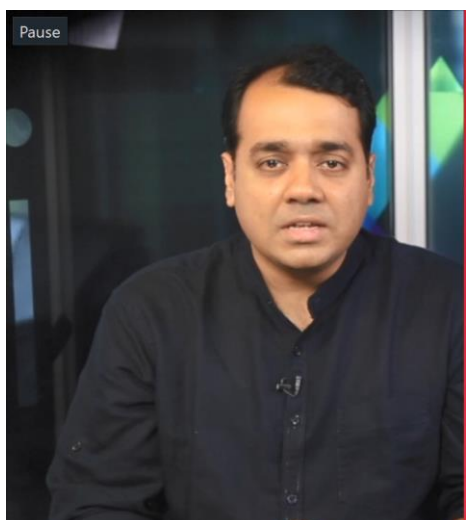
So, if you ask somebody who constitutes E-commerce three years back, they would have typically said men. So, it was men who were buying shoes, men were buying athletic sports care, men were buying the electronics, men who are buying mobile phones. Today I think, and especially true for Pepperfry, it's all about the independent Indian women, and women have become a large chunk of the overall buying segment in E-commerce. So, that's an underlying demographic shift that's happened.

The other shift is earlier e-commerce was supposed to be the best, you know, the Metros, that's moving downtown class at a very rapid rate. So, you have a large chunk of business for all players, including us coming from tier two, three towns across India. Just to get an idea, since we started, we would have shipped furniture products in India to more than a thousand cities.



So now we know the demographic factors have a deep impact on your product, but that's only one aspect of environmental analysis. What about the other factors? Let's hear more.

Pause



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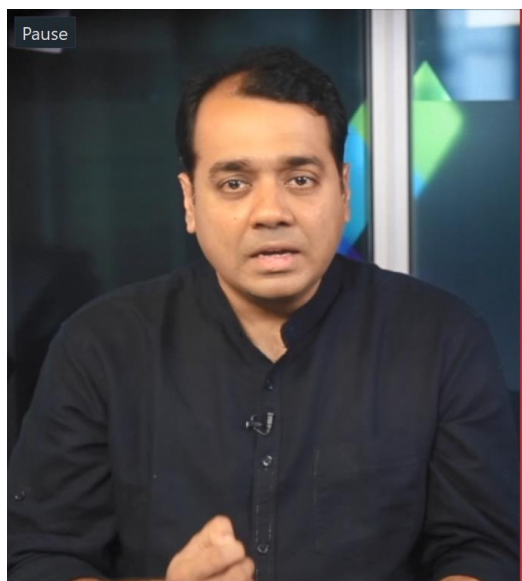
FACTORS INVOLVED IN ENVIRONMENTAL ANALYSIS


- 01 Demographic factors
- 02 Technological factors
 - a. Online space
 - b. Available technologies

There are technological factors that a product manager needs to consider. So, as a PM, in the online space, you certainly cannot build a product in isolation or a feature in isolation. What you will need to consider is what is the different technologies that you have at your disposal to build a product that will target the segment accurately?



Previously, you saw how demographic and technological factors affect the environment in which your product operates. Now let's look at a few more environmental aspects.

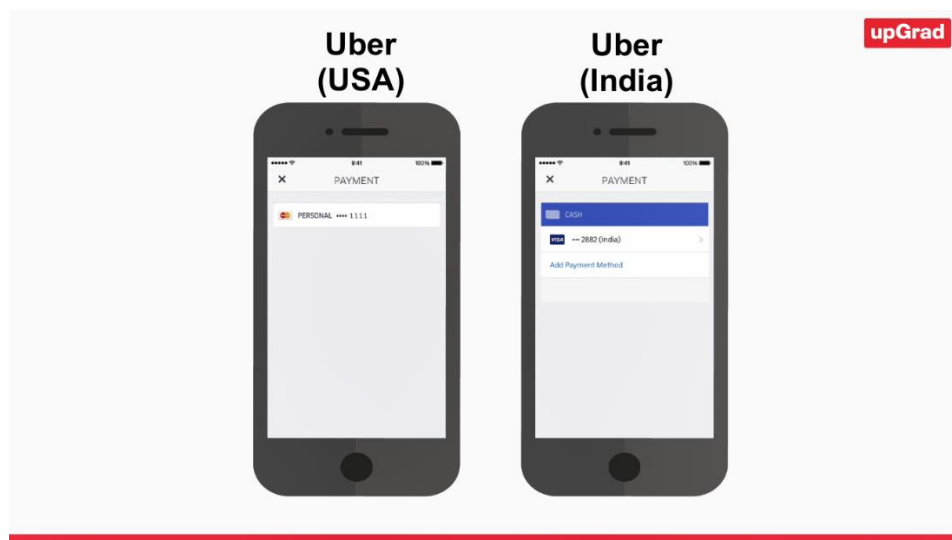
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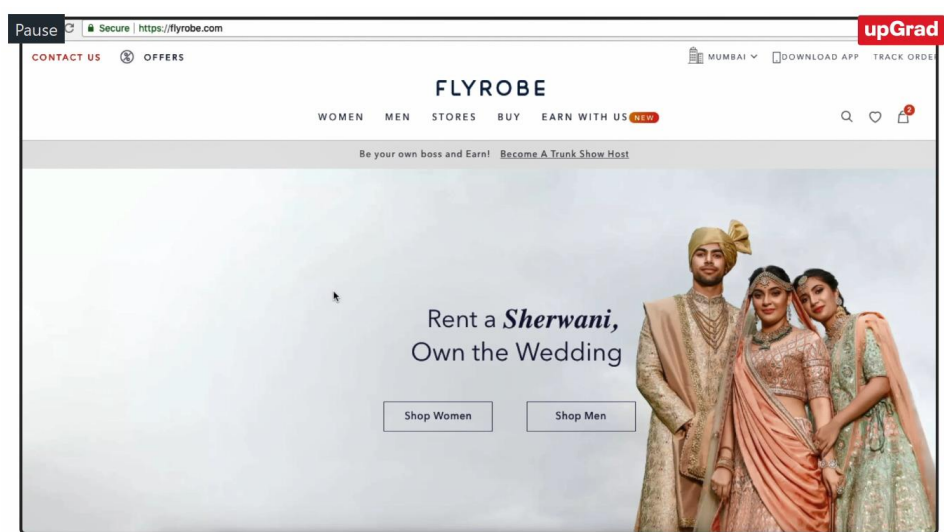
FACTORS INVOLVED IN ENVIRONMENTAL ANALYSIS

- 01 Demographic factors
- 02 Technological factors
- 03 Socio-cultural factors
 - a. Behaviours and attitudes
 - b. Growth rate
 - c. Age distribution
 - d. Career attitudes
 - e. Safety

We'll look at social-cultural factors. So, these take into consideration trends or behaviours and attitudes or changes that are related specifically to the culture of a particular market, they also consider the growth rate, the age distribution, career attitudes, safety, etc.



To take another example, the large population in India is primarily used to paying by cash instead of by credit card. And this is actually the reason why Flipkart along with others introduced the cash on delivery option for its users. Even Uber for example, which has been running successfully across the world with a prepaid instrument model, that you pay either by your credit card or probably some other prepaid instrument had to then introduce a cash option in India in order to be able to tap into the larger population who are averse to using third party payment gateways.



So, in today's environment, there is an emerging population in India again, which is immensely fashion conscious and they want to be in line with the latest trends, at events like weddings or parties. However, the population may not be necessarily able to afford to purchase a lot of these branded labels. So, if you look at fashion rental was unheard of in India until a few years ago. But now a lot of the young populations, specifically the 18 to 25 age group has probably become much more open to renting clothes. So, this kind of a social budget, cultural change, uh, has created a market for companies like Flyrobe that provides cloths on rent.

Pause

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FACTORS INVOLVED IN ENVIRONMENTAL ANALYSIS

04

Economic factors

a. GDP

b. Interest rates

c. Economic growth

d. Inflation

e. Exchange rates

Number four is that there are a lot of economic factors. So, what do you consider as GDP, interest rates, economic growth, inflation, exchange rates, etc.? These impact how your business operates in and the decisions that you make in this kind of an environment.

THE LOGICAL INDIAN

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tax of 14.5% to 15 %.Approved by the Government of India on May 14, 2016, the tax levied under Krishi Kalyan cess is exclusive of Swachh Bharat Cess.

Objective and Particulars -

Service Tax	14%
Swachh Bharat Cess	0.5%
Krishi Kalyan Cess	0.5%
Total	15%

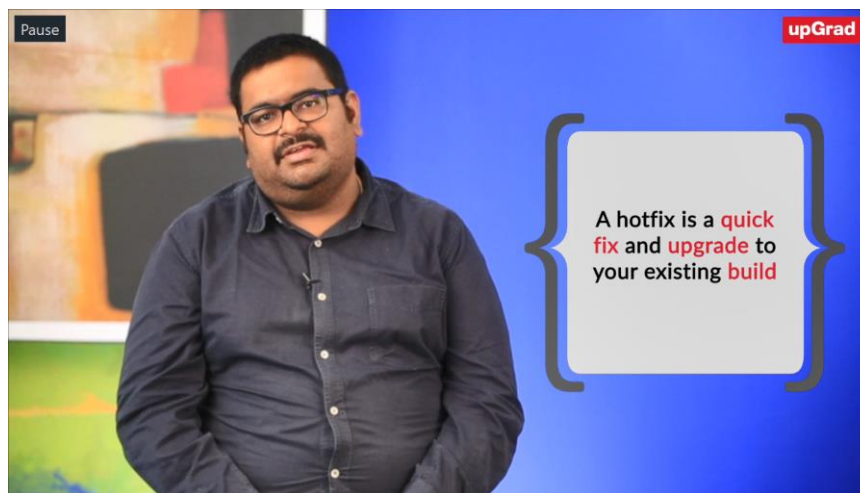
As per govt., the objective of the KKC is to gather funds for improving the agricultural activities in order to lend aid to farmers eventually and in a country where the occupation of farming is paramount. The KKC is an added cess on any service tax leviable on taxable services under chapter V of Finance Act.

So, from June 1, you will have to pay 15% on transactions related to any of the taxable services.

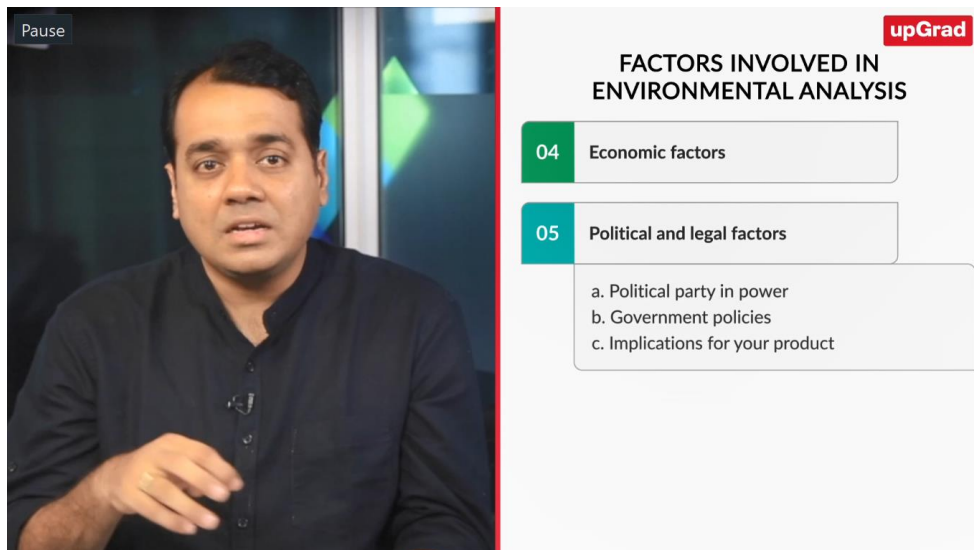
So, for example, when the government of India introduces a new tax structure, like say the Krishi Kalyan Cess or the Swachh Bharat Cess, then product managers in commerce companies, say for example, like PAYTM or Freecharge or even Myntra etc need to be aware of the environment, the taxation environment that is changing and how this would impact their product. So, they will probably need to factor it this in while they are developing or either pushing as a hotfix or actually factoring it in their development cycles so that users see these changes on the invoices.



Okay, that makes sense. Except for one thing, what is a hotfix?



So, a hotfix is a quick fix and upgrade to your existing build or a patch release. So, it's not your major release, you just that viewed few bug fixes and released a new version. So, that's what a hotfix is. And it still goes out as a new release, especially in case of mobile apps. So, it goes out as a new release. The new version which users still needs to upgrade on his mobile devices. But that doesn't include a new set of features where you say that, okay, this is a new release coming up. It's just a hotfix to address some of the alarming issues reported by users.



Pause

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FACTORS INVOLVED IN ENVIRONMENTAL ANALYSIS

- 04 Economic factors
- 05 Political and legal factors
 - a. Political party in power
 - b. Government policies
 - c. Implications for your product

Finally, the last one is the political and legal factors, right? So, these take into consideration aspects like which political party is in power. What are the government policies that are coming out and how these policies are affecting the products that you are designing and that you are willing not to users, especially in a B2C kind of an environment?



The last time around, you got an idea about the environmental factors you need to consider as a PM. Now let's move on to the competitive landscape. It goes without saying that understanding your competition is important, but how do you go about it? What are the things you need to take into account?

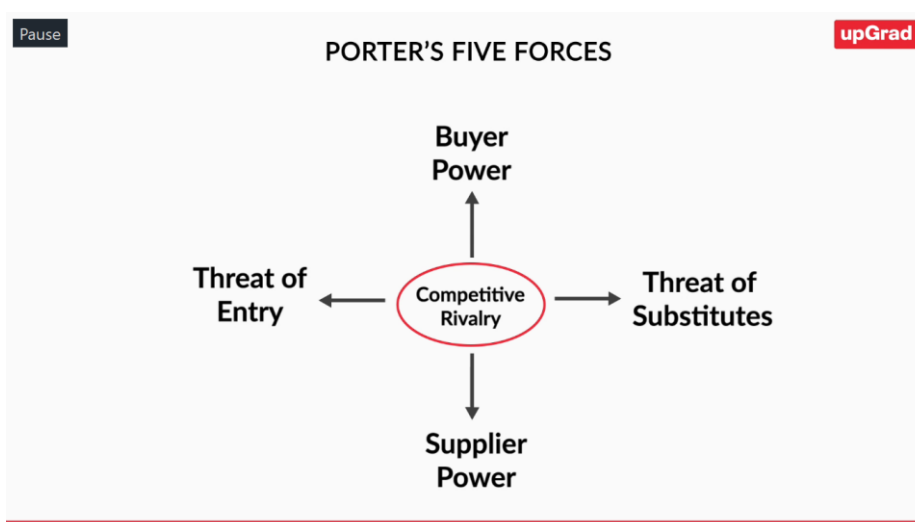
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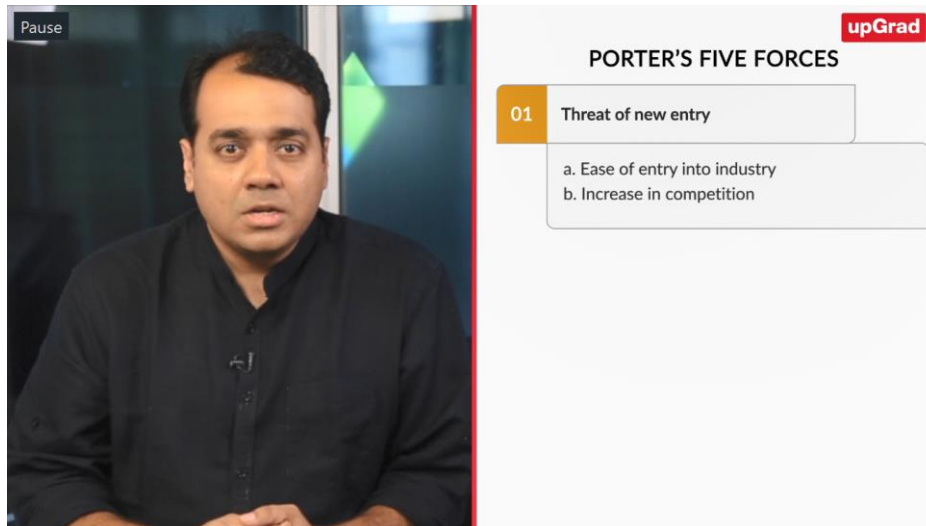
INDUSTRY ATTRACTIVENESS

- 01 Level of competition
- 02 Possibility of success

So, let's get into a specific framework that is used for understanding the competitive landscape before you actually enter into a market. So, as most of you may know, in the late 1970s, Michael Porter created this very popular framework according to which, before you enter any industry, it is important to understand how attracted the industry is based on the current level of competition and the possibility for a company to thrive in this competition.



So, industry attractiveness is determined by these five forces in that industry, which typically end up interacting with each other. So, one of these five forces, right? So, basically the threat of entry, buyer power, the supplier power, then the threat of substitutes, and finally competitive rivalry. So, let's look at them one by one.



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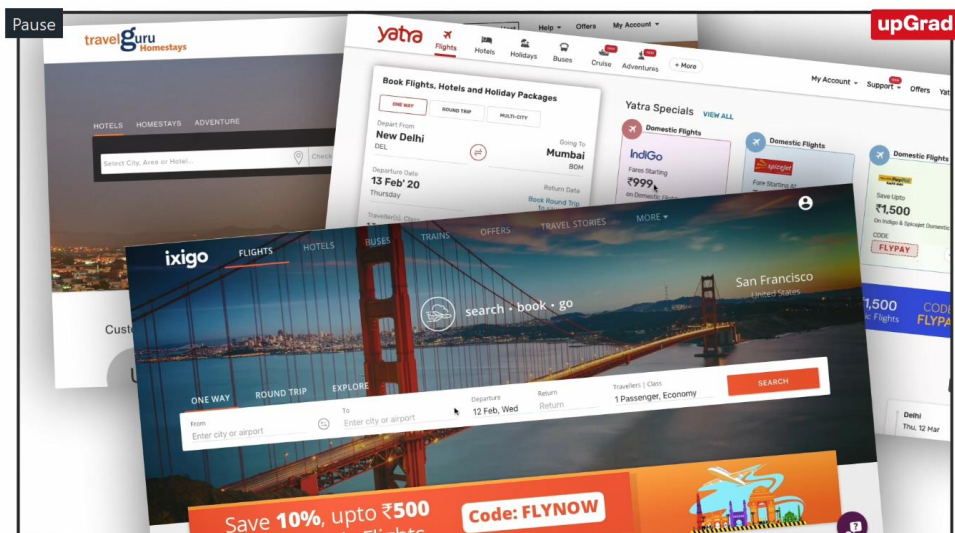
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PORTER'S FIVE FORCES

01 Threat of new entry

- a. Ease of entry into industry
- b. Increase in competition

So, the first one is the threat of new entry. So, how easy or difficult is it for any competition to basically enter in industry and increase in the competition that's already existing as well as probably reduced margins for your business.



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travelguru Homestays

yatra

ixigo

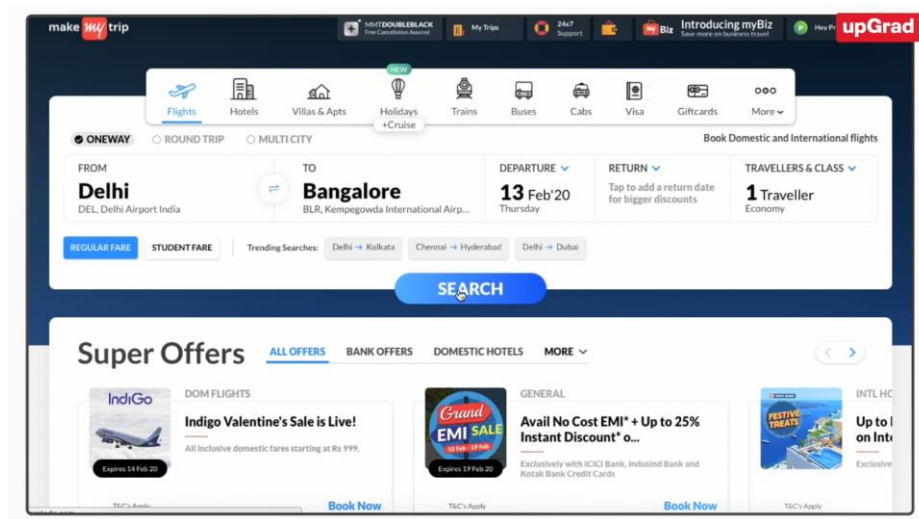
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So, for example, to take an example of an online travel portal, it probably does not have a lot of high entry barriers. And that's the reason why you see a lot of them in the industry today, making it hard for any single one to end up dominating the market. And it ends up producing margins for the different companies that are actually operating this space, because each of them wants to offer more discounts to acquire users, right?

Number two, the second force in this model is the power that is held by the buyers in the industry. So, what I mean by that is the customer's rate, that the customers are actually transacting, how many of them are able to basically be forced on prices or demand better service quality or better product quality, etc. Thereby driving up costs. And generally, what they do is that they also end up making these companies go against one another and compete against one another even more strongly.

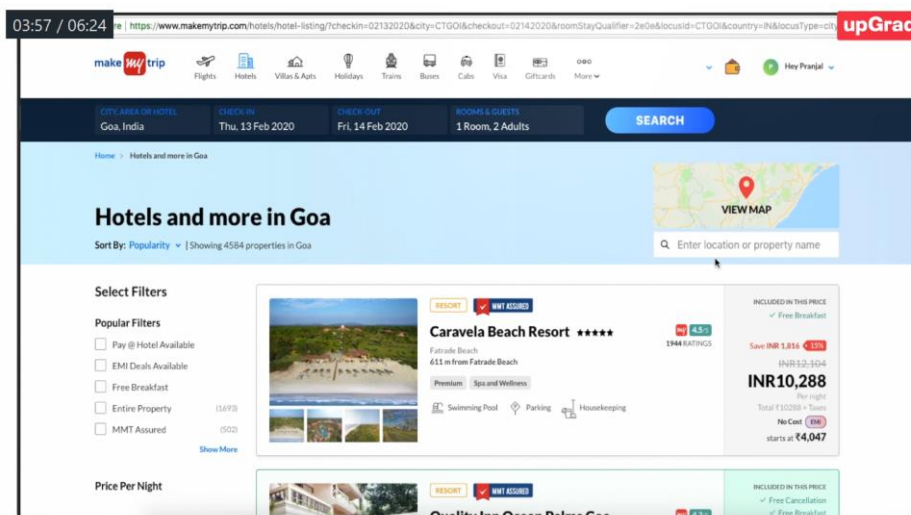


So again, to take an example, further for an online company, see the customers typically end up having a lot of high bargaining power because they have many options to choose from. Just given the fact that because the industry is much easier to enter, there are different companies who are actually coming up in the space and hence the users actually have the choice of switching across. So, this cost of switching between companies is lower and hence, the power that they yield inside.

Number three is the suppliers' power. So, for the product that you work on or for the business and you are in, how easy or difficult is it for your suppliers to drive up prices? Again, in the case of travel portals, say the suppliers of airline tickets are limited due to a limited number of companies. But due to high competition amongst themselves, they cannot choose not to adopt, they choose to actually adopt the hard starts of portals.

On the other end of it is a say a company, or say the organization of Indian Railways, for example. Now Indian Railways is basically a monopoly, right? So, it can actually dictate terminals with travel portals and end up pushing for much lower commission rates.

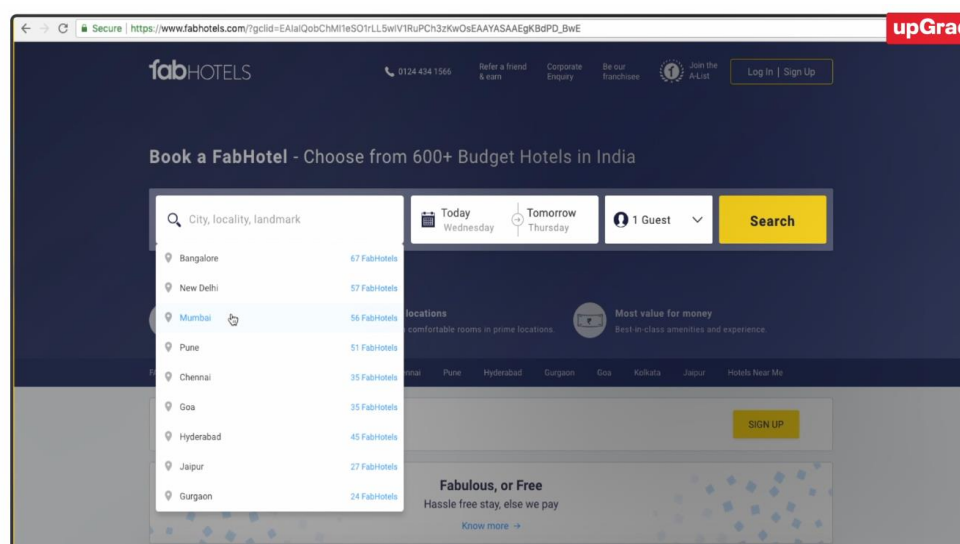
The fourth power is actually the threat of substitutes. Now, this is something which is very critical, and it also is equally difficult for you as aspiring PM to be able to understand and appreciate and analyze as well. So, a substitute is basically very simple. It is something that a company or it's a product that performs the same similar function as whatever you're building.



So, say one example of this would be, how travel portals used to actually sell hotels at one time, right? So, you could actually buy rental accommodation through tour travel portal and end up staying at a hotel. But over time, there was a company that came in, like Airbnb, and Airbnb completely changed that market in a way, right? So, they built a product where the peer to peer accommodation started competing with hotels.

So, as a product manager, you would obviously want to prefer being an industry where there is less set of substitutes, but at the same time, you need to be cognizant that substitutes can come from anywhere and you certainly need to modify your product to suit that.

And number five is a competitive rivalry. So, this is basically used to measure how intense is the competition currently in the industry. This is influenced by the numbers, like say, the number of companies in the market or their capabilities and the kind of products that they're building, which ends up determining how competitive is the industry as a whole. So, as a PM, while you should keep looking of relevant substitutes, you should also be cognizant of the competition.



For example, if a person who is actually used to booking online travel hotels, or hotels on online travel portals, he could easily switch to a product like Vista Rooms or Fab Hotels. Similarly, Facebook actually commands a huge loyal user base across many geographies and demographics, but it also faces competition from Google+ and Twitter. And

that ended up causing a reduction in the average time spent on the Facebook platform. Because the automated platforms also offer a very unique set of features over Facebook.

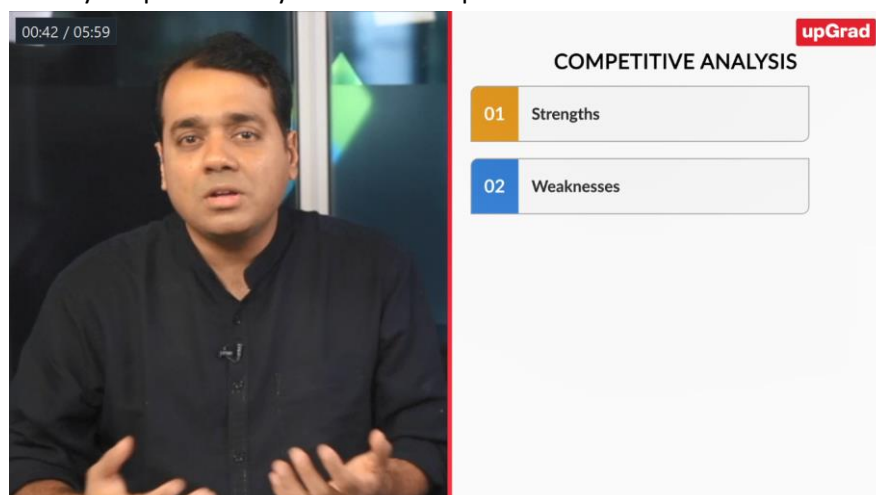
And if you look at it now, a number of social networks are popping up that target a very niche user base. So, I think Snapchat is one perfect example of that, right? They basically targeted, again the 18 to 25-year old and it's very popular amongst women. So, we expect these kinds of trends will continue to persist. And Facebook obviously would see competition coming up from these kinds of users or these kinds of demographics. In traditional slow-growth industries, like say, the pharmaceutical sector, the competitive rivalry would be really high again. Needless to say, in such a sector, heavy brand spends are needed for the companies to become market leaders.

So, the question that you need to keep asking yourself is that, is your competitive rivalry really intense? And as a PM, you may certainly prefer to work with the competition, but at the same time, you need to be cognizant that what is the competition doing and how can you improve your product even better than what they are doing?




You now have an idea of Porter's five forces that help you gauge the competitive landscape of the industry in which your product will operate. Now I'm guessing that as a PM, you also need to understand the competitive products in great detail. So, how do you go about analyzing your competitors' products? Let's take a look.

Now the overall market analysis for your product cannot be complete without you understanding the competitive landscape and obviously also sizing the market, right? So, first, we look at how do you go about analyzing the competitive landscape that your product or your business operates.



So, a competitive analysis can be best understood as a complete assessment of the strengths and weaknesses of the firms or your products, current and potential competitors. So, as a result, the position of major competitors is reduced which helps in establishing strategies which are very relevant to you as an aspiring product manager to keep in mind, and hence, design the product accordingly in the given market scenario that you operated.



01:59 / 05:59

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COMPETITIVE ANALYSIS

01 Identify competitors

a. Product developments
 b. Popularity among customers

Direct competition	Indirect competition
Same customer segment	Alternate customer segment
Alternate to your product	Might become alternate to your product

So, let's look at some criteria that are necessary to be covered while analyzing competitors. So, the first step is to identify the competitors, right. As a product manager, you would need to always have an eye out on your competitors and be aware of the developments, not only in the business but more relevantly in the product and their appeal with customers amongst other things. So, what some of the ways you can do this, say, by identifying who are the direct competitors and indirect competitors.





Now, there is basically a type of competitors that you've can look at, direct and indirect. The direct competition is the one that provides an exactly similar product offering to the same customer segment as you are. This implies that your target segment actually considers that offering as an alternative to your product. Indirect competition, on the other hand, is one who is offering a product to an alternate customer segment. So, in the future, there is a possibility that your target segment actually starts considering there are offering as an alternative to yours.



02:42 / 05:59


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IDENTIFYING COMPETITORS FOR CANON

Direct competition	Indirect competition
 	       

So, let's take an example to understand the direct and indirect competition a little better. So, say, for example, you're a product manager at a company that makes cameras, right, like Nikon or Canon for example. Now, in this case, your direct competition, say if you're a PM at Canon who would obviously be, companies like Nikon or Fujifilm Mobile, whoever else who makes cameras, and that is your direct competition. But over time, if you look at it, a lot of indirect competition actually stepped up into space from companies who are making smartphones.

So, that is where say, PMs or folks who are actually looking at the business or the product at companies, which were traditionally camera companies are now facing competition from a completely different segment, that is smartphone manufacturers. So, that's one very simple example that you can actually look at, to understand this better.



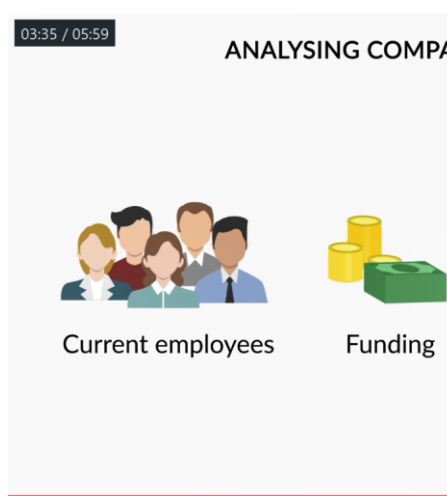
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COMPETITIVE ANALYSIS

- 01 Identify competitors
- 02 Analyse competitor background
 - a. Goals
 - b. Missions
 - c. Strategies
 - d. Finances
 - e. Products
 - f. Markets
 - g. Facilities
 - h. Personnel


The next thing is, what is important to do is to analyze the background of your competitor on dimensions such as their goals, their missions, the strategies, what is their background, the finances that they have, the different products that they have, the markets they operate in, the facilities and personnel that work with them to understand this a little better. Let's see some examples of these dimensions.




03:35 / 05:59

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ANALYSING COMPANY BACKGROUND




Current employees



Funding



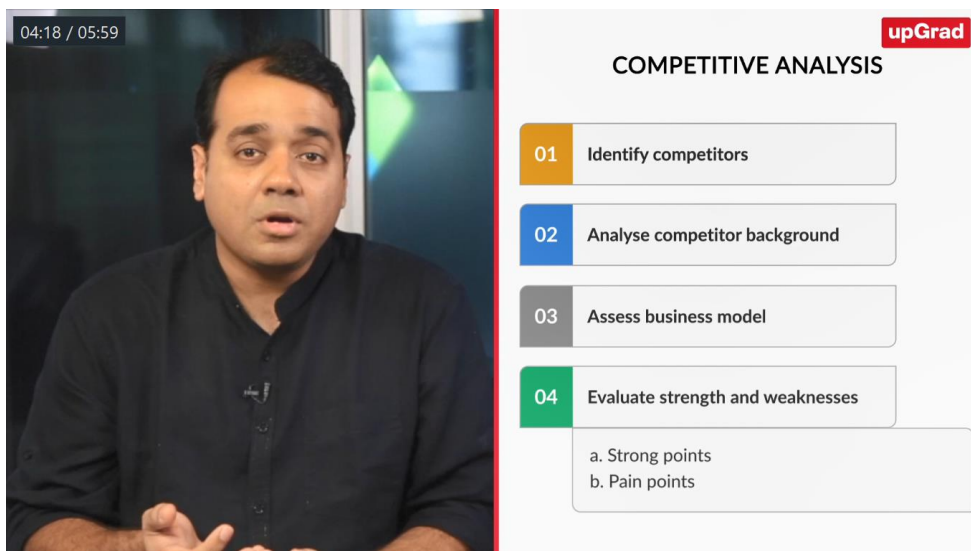
Revenue



Founders

So, one of the foremost things to be looked at is the company background in which what you're doing is basically assessing the size of the company in terms of current employees, the funding status that is whether they raised funding

at say series A or B or C or, the total funding that they received, for example. And then the estimated revenue, say some of the details of the founders or the core team members, that's one of the examples.



04:18 / 05:59

COMPETITIVE ANALYSIS

- 01 Identify competitors
- 02 Analyse competitor background
- 03 Assess business model
- 04 Evaluate strength and weaknesses
 - a. Strong points
 - b. Pain points

Next is the business model. So, you may want to assess the business model of your competition's portfolio. So, what that means is, what kind of cities are they operating? What kind of target market are they addressing? Where is the inventory located? What kind of segments do they address? Strengths and weaknesses of your competition, right? So, what is really working well for your competition? And at the same time, what is the pain point for their customers, right? Is that something that you can address or is that something that you will want to address at all?

So, this is usually available, and this kind of information is usually very readily, easily available from their social media pages, from their app store reviews and rankings. Or you can always obviously speak to pro users who are using their products, from where you actually get this information for yourself as well.



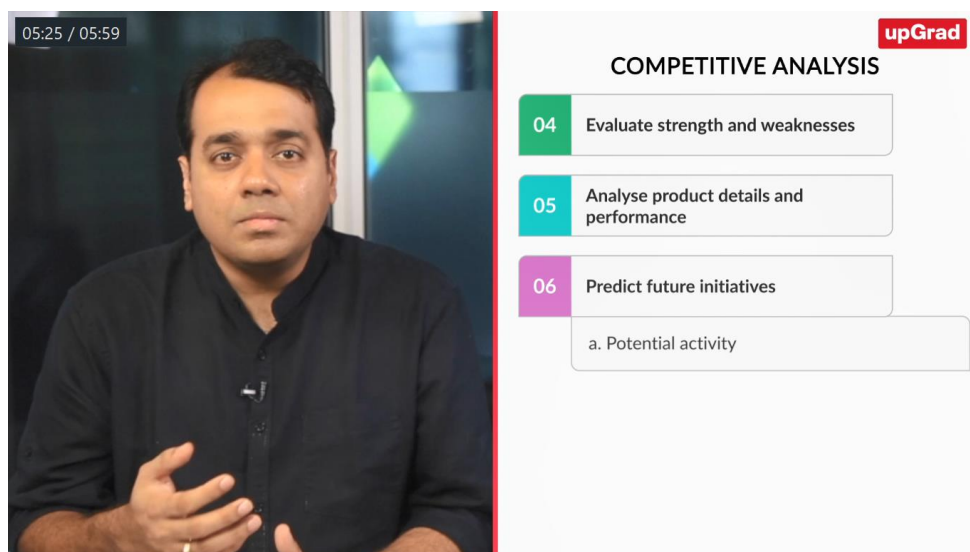
05:01 / 05:59

COMPETITIVE ANALYSIS

- 04 Evaluate strength and weaknesses
- 05 Analyse product details and performance
 - a. Technology
 - b. Functionality
 - c. User experience
 - d. Design
 - e. App downloads
 - f. App ratings
 - g. User reviews
 - h. New features
 - i. Updates

Next is like the product details and performance. I think as an aspiring product management, I think one of the most important things that you need to do is to understand the underlying technology and the products of your competitor. Right? So, you may want to obviously evaluate the overall functionality, the user experience, the design of the product across all platforms. So, that could be, say, the website, if they have a mobile site, then across the android app, the

IOS app, etc. So, how many app downloads do they have? What are the app ratings they have? What kind of comments are people leaving? What kind of functionalities or features are they adding? How frequently are they doing updates to the apps? Now, all this kind of information certainly helps to understand the technology behind your competition.



05:25 / 05:59

COMPETITIVE ANALYSIS

- 04 Evaluate strength and weaknesses
- 05 Analyse product details and performance
- 06 Predict future initiatives
 - a. Potential activity

And the next step is, if you can, it is very critical for PMs to also understand or be able to predict what future initiatives would your competitors actually embark upon, right? So, early insight into the potential activity of a competitor will basically help your firm to prepare well against the competition and help your product to be able to, to get more users in that way. So, through this kind of detail analysis, you're actually able to understand the competition much better.

And this is especially beneficial for PMs the way I look at it. But the PMs need to not only understand the product that they're building and the technology in isolation but all of these factors actually influenced by the competition. And PMs actually need to aim, to be able to strategize, position their product to win against the competition in most scenarios.



Hello everyone. So today we will be speaking about competitor analysis. You must have gone through a lot of theory before this session around covering what is competitor analysis and why we do it. Today we will try and take one live example and try and run through how it is done actually, but before we kind of get into that, there is one quote from Victor Kiam who was the CEO of Remington, which actually sums up why we do competitor analysis right. He said that in business, the competition will bite you if you keep running, but if you stand still, they will definitely swallow you.



Now it's a very, very important thing to understand what it meant see. Whether you are a Facebook, whether you are Google, you will always have competitors who keep coming up. They will keep biting some portions of your revenue, but the question is how do you learn from them and how do you make sure that you're constantly keeping them in check, and that is why it's very important to do competitive analysis. So why do we do competitor analysis?

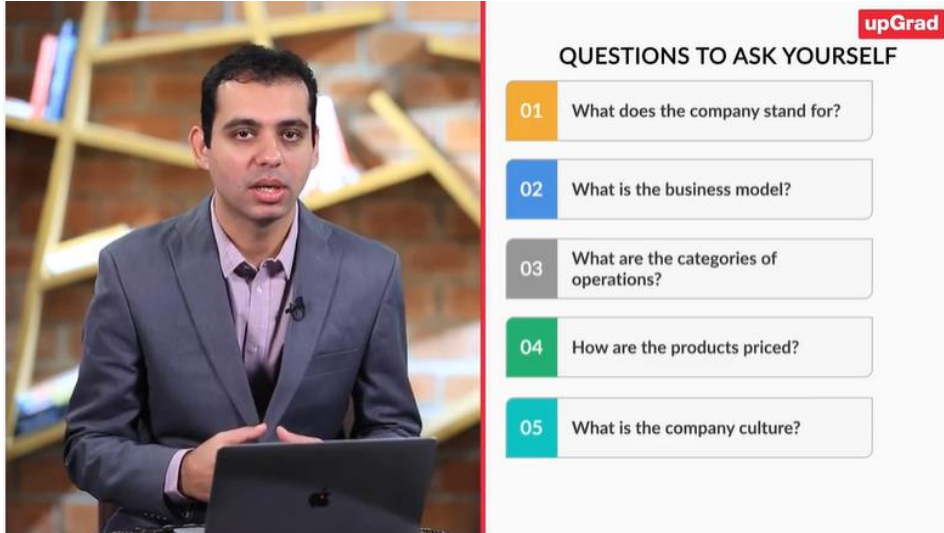
Because in the market, everyone is competition, but also everyone is a friend. You understand by looking at others as to where do you stand in the market. You try and get early feedback, the things which are launched by you or by your competitors, how are they performing and whether you can learn and improve on it as well, and the most important point is that you try and understand what are the new ideas and if there are new trends which are emerging which you've not kind of looked at.



For example, category convergence right, not very distinct future, cameras and phones were two different categories in itself. Kodak was the number one, camera guy phones, you had Nokia and stuff like that, but suddenly cameras and phones started converging. Now nobody wants to buy a camera separately because the phones have cameras within them which are very functionally useful.

Similarly, beverages right. Think of energy drink, whether you consider it as a beverage, whether you consider it a health and wellness drink, so that's very important.

Now also to start looking at competition, first you need to understand yourself.

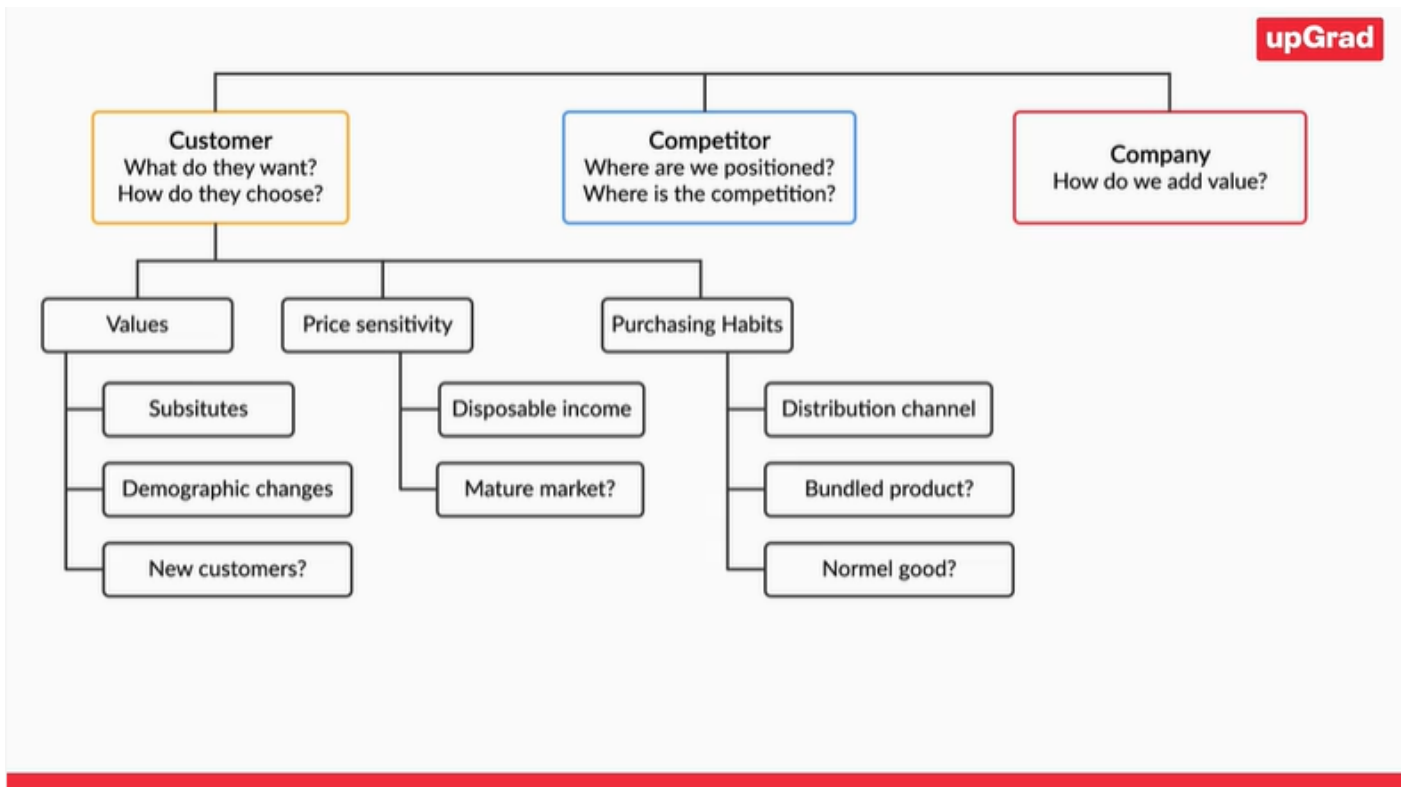


The image shows a man in a grey suit and purple shirt speaking into a microphone, with a laptop in front of him. To his right is a graphic titled "QUESTIONS TO ASK YOURSELF" with the upGrad logo. The graphic lists five questions, each in a colored box:

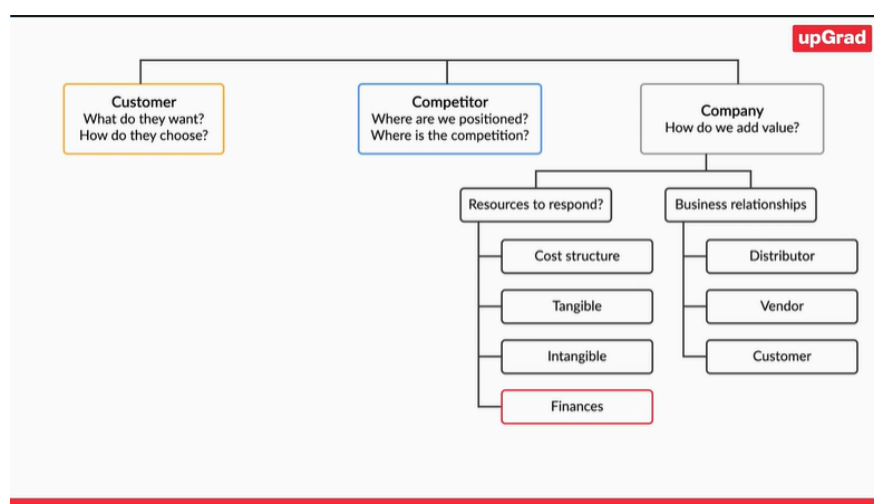
- 01 What does the company stand for?
- 02 What is the business model?
- 03 What are the categories of operations?
- 04 How are the products priced?
- 05 What is the company culture?

- What does your company stand for?
- What is the business model?
- What are the categories under which you're operating?
- How are you priced?
- What is the company culture?
- Are you equipped to handle a certain kind of competition as well?
- How are your financials?
- What are the levers that you can pull to fight competition is only when you can start doing a good job of competitor analysis right.

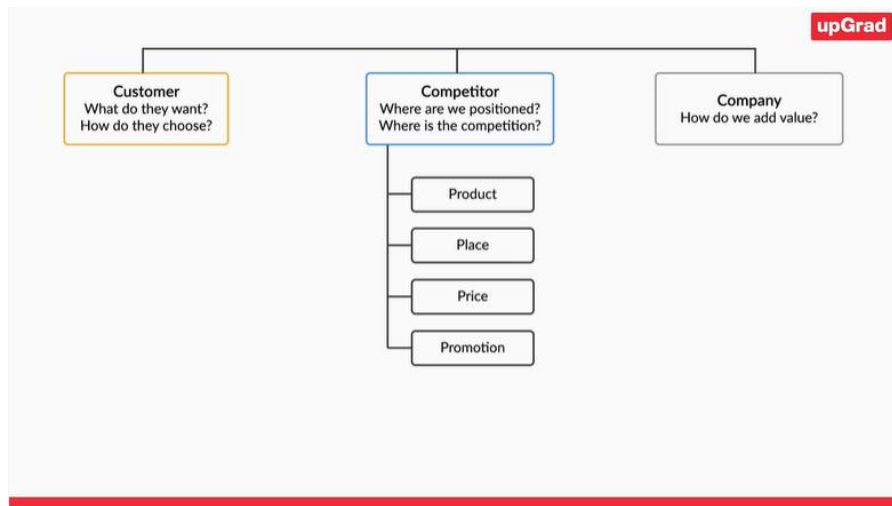
So we'll take one framework, which is there, which kind of sums up the entire internal and external analysis. Internal is again as we have spoken about looking at your internal company, but external is competition, how's the regulatory market. Nowadays, the government is actually also competition because they can change the rules and regulations overnight and that suddenly changes the game for how you're playing the game right.



So in that case, we look at three major categories for internal, external analysis, which is customers, competitors, and company right. When we say customers, what are the values tastes? Are they changing? Are they price sensitivity? How is it kind of changing? What is the change in disposable income for them? Purchasing habits. Suddenly, till sometime back, you know you were purchasing stuff in-house. Now you suddenly have online food delivery coming in, which is helping you purchase things on your app sitting at home, or purchasing habits changing. It's very important to first understand the customer because once you look at your competition, you need to keep the mind-- keep in mind what your customer is wanting.



Similarly, the company, what kind of cost structure do you have, how much money can you spend? What kind of a distribution network do you have? What kind of engagement do you have with your vendors, for you to understand where your positioning? What are your strengths as a company and what are your weaknesses as a company?



And then you start looking at the competitor, which is what are the products that he's offering? What is the place at which he's offering, which is basically the channel, whether he's selling online, offline with discounts and stuff like that? What is the price that he is selling at and what are the promotions that he's kind of giving it right?



So now we take one example to detail this out and try and understand you know how does it play. So we like again our reference or the main company that we are kind of talking about is Myntra, our online fashion player.

MYNTRA

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Company Ethos	A Fashion & Lifestyle company
Parent Company	Flipkart - Walmart
CEO	Mr. Amar Nagaram
Target Segment	Mass premium, Urban 18-35 yrs. Men + Women
Categories	Home, Beauty & Lifestyle products
Private Brands	<ul style="list-style-type: none"> ~ 30% of the overall revenues (maximum margins) E.g Roadster, Dressberry, Anouk, HRX etc. HRX - 51% Mytra, 49% Hritik Roshan

As a company, it is a fashion and lifestyle company. The parent company, it's now a majority-owned by Flipkart, which is again owned by Walmart. So it's parentage wise, part of a two, three hundred billion dollar group. CEO is Mr Amar Nagarajan. Its target segment is a mass premium, it is looking at customers in the 18 to 35 brackets, men plus women and categories, the major categories under which it is operating is home, beauty, and lifestyle products. As a company, private labels which is the labels or the brands which have been built in-house where they have the maximum margin as well and the maximum control on the supply chain contributed about 30% of their margins. Think of brands like Roadster, Dressberry, Anouk. HRX is also one of the brands which is another interesting that they've kind of engaged, where 50% is owned by Ventura and 49% is owned by a celebrity which is Hritik Roshan right.

So now, you've kind of understood what the company that we are talking about stands for. Now look at—let's look at what the competition is for this. Now from a company point of view, it operates in three different business model.

Now in each of this business model, it has got direct and indirect competitions.'

COMPETITION

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Business Model	Direct	Indirect
Marketplace	Amazon, Flipkart, Club Factory	Meesho, GlowRoad, Bulbul, Offline Fashion Stores
Big Brands Reseller	Ajio, Koovs	
Private Labels	Puma, Nike	

For example, marketplace direct is Amazon right, it's a mammoth in its place. Amazon, Flipkart all have their fashion play and they are their direct competition for them. Big brands, think of Ajio, Koovs right where big brands can go and sell their products as well. It's not only that Myntra is the only platform for them to sell. Private labels, now this is the interesting play. You are actually a reseller of big brands as well, but they're the brand in itself is a competition if you are selling private labels. So think of Pumas, Nikes. Now whatever Puma and Nike are doing in terms of brand and you're trying to build a private brand, you will have to do that as well.

In indirect competition, we have taken few examples like Meesho, GlowRoad, bulbul, offline stores. Now what these stores or things are doing is Meesho is actually a social marketplace. It's a social buying app where the mom-and-pop who are there in your markets in the closeby localities are able to sell it up.

Now why we consider this as an indirect competition is right now they're not using the same segment that Myntra is targeting, which is the mass premium one, but suddenly if the fashion vertical for them starts selling, they actually have more people on-ground who will start selling fashion for them, and people rather than you are waiting for the product to come in two days can directly engage with these guys, who can give them more touch and feel experience around it. So that's why we kind of have taken Meesho as an example
Now --now we will try and go towards the competition and how they are behaving. We'll take the example of one of the direct competition, Ajio right.

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OVERVIEW - AJIO (DIRECT)

Ajio, part of the Reliance Retail ecosystem

- The largest retailer in India in terms of revenue and part of the overall Reliance Industries
- Vineeth Nair is the CEO of AJIO

Major Companies of Reliance Retail include:

- Reliance Fresh, Reliance Smart, Reliance Digital, Reliance LYF, Reliance Jewels, Reliance Trends, footprint and living, Reliance cash n carry, AJIO, Hamley's

Mission

- Celebrating fearlessness and uniqueness, AJIO.com is constantly looking to bring a fresh, current and accessible perspective to personal style

Financially, a very solid company backed by the Reliance group, the entire Reliance ecosystem. In terms of you know, the overall play as well as for Mr. Mukesh Ambani who's the head of Reliance Industries, retail will you know going forward in the next five to ten years will almost be 50% of their business, so that means they're very, very serious about it as well. Right now, Vineeth Nair is the CEO of Ajio. Major companies which Reliance retail has is, you know, Reliance smart, Reliance digital, Reliance life, reliance jewels, but through this, what they're trying to get is the maximum volume. Hence they have a huge amount of volume control when they're kind of engaging with their suppliers.

The mission that the company stands for is celebrating fearlessness and uniqueness right. Ajio.com is constantly looking out to bring fresh, current and accessible perspective to personal style. Now again, this is in direct relations to what we are kind of spoken about Myntra as well. It is trying to bring curated accessible fashion to most of the Indians. Similarly, if you look at another company that we have spoken about, which is an indirect combination to this, is Meesho right.

OVERVIEW - MEESHO (INDIRECT)

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Meesho is a social e-commerce company

- Founded by Vidit Aatrey and Sanjeev Barnwal in Dec 2015

In June 2019, Meesho became India's first startup to receive investment from Facebook

It has raised \$190M till date and has 1 Cr+ resellers on its platform. Major fundings include:

- August 2019, it raised \$125 million in Series D round led by Naspers, with participation from existing investors SAIF, Sequoia, Shunwei Capital, RPS and Venture Highway. Facebook and former Vodafone Group CEO Arun Sarin also participated in the round

Meesho is a social ecommerce company founded by Vidit Aatrey and Sanjeev Bonnevill in 2015. Meesho is actually the first investment which Facebook directly made an investment into. It has raised about 190 million dollars till now, has one cr+ resellers. Again the venture capital and the investor which are there for Meesho or Naspers, Facebook are venture highways. So you talk about the big guys who've seen fashion play out in bigger markets, they're all there sitting on the board of Meesho as well. Now that's a huge amount of knowledge which is kind of coming in case they were kind of scale up their fashions business as well.

So now, from a business point of view, we've kind of looked at it. From overall revenue point of view, we've kind of looked at it. Let's try and look one step deeper into the business model right.

BUSINESS MODEL - AJIO

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Business Model	Examples	Pros	Risks
Marketplace	Biba, W, etc.	<ul style="list-style-type: none"> No inventory risk Can easily scale to provide higher coverage 	<ul style="list-style-type: none"> Low margins Lower control on customer experience
Big Brands Reseller	Puma, Nike, etc.	<ul style="list-style-type: none"> Strong Brand Pull Ride on, with the marketing efforts of the brands 	<ul style="list-style-type: none"> Brand power dilution High inventory risk
Private Labels	Roadster, Dressberry, etc.	<ul style="list-style-type: none"> Highest margins Assured supply 	<ul style="list-style-type: none"> High inventory risk

What is it that Ajio is able to do? As I said right, it's also operating in three different categories, which is the marketplace, big brand resellers, and the private labels as well. Think of brands where it is selling like Biba or W which is in the marketplace thing, the Pumas Nikes of the world in the big brand reseller and private labels are again you know its own private labels, Ajio private labels.

It has its own pros and cons. Why? It's trying to do in all three categories, but for example, in the marketplaces you have-- you can get the maximum width right. So, whatever products I cannot make, the marketplace will help me improve the width. So if I want to go from 2 lakh to five lakh tomorrow, marketplace actually helps me get that thing as opposed to building something in-house, but the risk that I have is I'll have always have lower margins. I will always have lower control and customer experience because the quality is being governed by the marketplace in itself. Second is the big brands. Big brands have strong brand pull right, huge amount of money in marketing which brings in the association of the brands as well. So you can ride on to their efforts. You can have the pull which will

drive traffic to your website or app as well, but problem is that you are actually you know, you know where will riding onto their laurels. So there is a brand dilution which will happen.

Also because you are buying stuff from them and you cannot sell it back to them, you have inventory risk which starts to come in. The third model is the private labels where you have the highest margins, you can control what you want to make, add the price that you want to make, but the biggest challenge is if you're not able to sell them, the inventory risk comes in right.

So Ajo's business model is tailored towards these three major pillars and each has its own unique challenges and advantages. From a business model point of view, let's take an example of Meesho

BUSINESS MODEL - MEESHO			
Business Model	Examples	Pros	Risks
Online distribution channel for long tail products	Local brands such as Mobili, BogMBGX, etc.	<ul style="list-style-type: none"> ○ Tapping a highly unorganised market with no major organised competitor ○ High user stickiness 	<ul style="list-style-type: none"> ○ Low commission % for the platform ○ Handling a large number of resellers and different expectations

As I said right, it's trying to increase the online distribution for the longtail products. It's still not engaged in the main products, the branded products as well. Think of brands like Mobil, bog, MGBX, these are brands which will sell on a platform like Meesho.

The pros is tapping a very highly unorganized local social e-commerce play and its users have got very high stickiness because of the relationship the local entrepreneurs are building right, whereas the risk that it involves is it's got very low commissions coming on the platform. It constantly needs to bring in products where the reseller also has decent margins onto it, and second is we spoke about that it has right now one cr+ of resellers. Now these resellers are spread across the entire geography of India coming from all kind of backgrounds and hence bring with them this different and varying level of expectation as well. So for Meesho to handle this is a very, very difficult problem.



So till now, we've kind of understand how the businesses are working, what are the levers under which they are kind of playing around. Now we try and do the product analysis between say a Myntra and Ajio, right. That's where we try and identify, and that's very important for us to also understand where are the levers, where are the customer touch points which are pulling the traffic to one or the other side right

COMPARATIVE ANALYSIS			
	Myntra	AJIO	Meesho
Products	5L+	2L+	NA
Brands	5000+	2000+*	NA
Sellers	2000+	NA	1Cr+
Return Policy	15 Days (Reduced from 30 days)	30 Days	7 Days
App Store Downloads	50M+	10M+	10M+
App Store Ratings	4.4	4.2	4.4
App Features	Personalisation, Style recommendations	Trends, Basic search, Store led navigation	Social e-commerce, Facebook and WhatsApp integration
Value Added Services	Alterations, special packaging, etc.	NA	Lowest price guarantee
Parent Company	Walmart (Flipkart)	Reliance Industries	Meesho (\$ 190M in investments)

o Myntra and Ajio financials are not publically but industry estimates put it at ~\$1.2B for Myntra, ~\$200M for Ajio, Meesho ~\$80M
 *Estimates based on website sampling as the numbers are not publically reported

So just between Myntra and Ajio, they've got you know five lakh products on Myntra, Ajio has got smaller collection at about 2 lakh + thing. Brand wise, again you will see that Myntra is at about 5000 plus unique brands, international brands. Ajio is smaller at about 2000 odd brands. Sellers again Myntra is a curated marketplace, 2000 odd players. The data for Ajio is something which is very similar. Return policies, app store downloads, features which are there which make the two different right. Myntra has a lot of tech driven features like blogs, personal style recommendation, overall personalization of the app which Ajio at this point in time does not have, but it has a section on trends. It's got store-led navigation which is very different from the way Myntra is doing it right and value-added services which both give. Myntra now recently started giving you alterations, special packaging, those kind of things which can help not just sell the product, but the aftermarket of the product as well right.

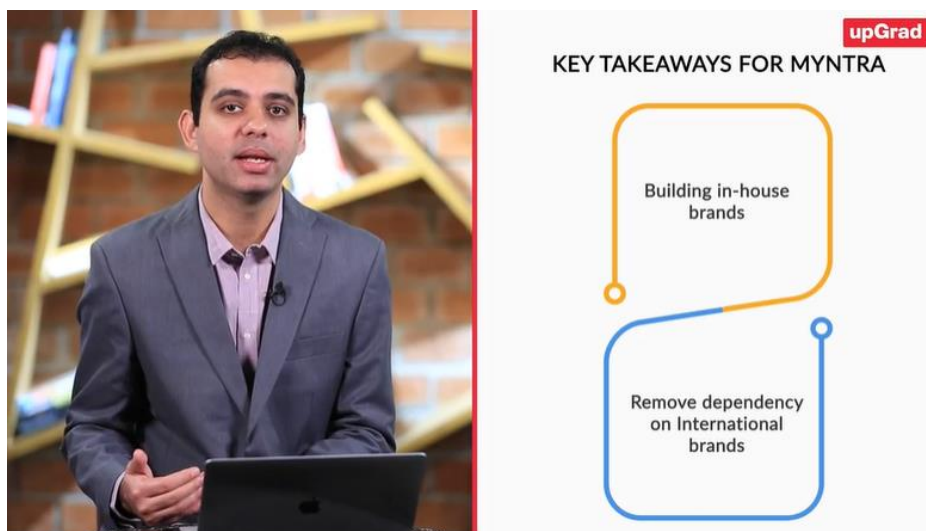
So if you look at all of this, what you will try and slowly start figuring it out is where is it that Myntra is gaining over Ajio and where it can learn from it in terms of say, for example, if the store led-- if the brand-led stores are leading to higher conversion, that's another experiment with Myntra could do right.

STRENGTHS AND WEAKNESSES - AJIO VS. MYNTRA	
Strengths	Weaknesses
<ul style="list-style-type: none"> o Strong financial backing by the parent company: Reliance group 	<ul style="list-style-type: none"> o Relatively new market entrant
<ul style="list-style-type: none"> o Unaffected by the FDI rules in ecommerce o Can work with different inventory models and not affected by the regulations like no seller to be more than 25% of the business 	<ul style="list-style-type: none"> o Needs to setup teams from scratch for enabling online ecommerce
<ul style="list-style-type: none"> o Strong supply chain and pricing control because of Reliance Retail reach 	<ul style="list-style-type: none"> o Fashion is relatively a large area and need to identify the right set of profitable categories
<ul style="list-style-type: none"> o IRL has exclusive master franchisee arrangements with international labels including Diesel, Kate Spade, Steve Madden, Bluberry, Canali, Emporio Armani, Furla, Jimmy Choo and Marks & Spencer 	<ul style="list-style-type: none"> o Needs to build a fashion first approach to business as opposed to the traditional oil & gas and telecom businesses

So at the overall level, just comparing the strengths and weaknesses for Myntra, the strength of Ajio, -- sorry for Ajio, the strengths are definitely, it has got a strong backing of a very strong financial group in India. It is not affected by any FDI regulations. As I said right in competitive analysis, the regulations play a very important role as well. In India, a company like Myntra which is a foreign direct investment funded company, the laws which are governing it are very different from an Indian company which is Reliance right. So it is not affected that one seller cannot be more than 25 percent of your overall revenues, which means Reliance in itself can have the entire marketplace control by itself.

Also, as I said right because Reliance retail is into multiple place, it has the advantage of volume right. It has the advantage of scale. It can have higher pricing control on the products its surfacing. Hence it can actually price the products much lower than what probably Myntra can do, and the one very important part is Reliance is actually in to an exclusive master franchise agreement with a lot of international brands, which means in India when these brands are selling, whether through Myntra or not, actually Reliance is controlling it. So whether its offline or online say for a brand like Emporio Armani, Burberry, Jimmy Choo, Marks and Spencer, Reliance has got the master franchisee. So if it wants to pull away the brand from Myntra, it actually can and suddenly your international portfolio on Myntra starts looking slow right.

So and the weaknesses are it's a relatively new entrant to the market. Fashion is still not in the DNA for the company. It's an oil and gas plus telecom company. Fashion is something where the experience needs to be built up.



The image shows a man in a grey suit and purple shirt speaking at a podium with a laptop. To his right is a graphic titled "KEY TAKEAWAYS FOR MYNTRA" with the upGrad logo. The graphic contains two points: "Building in-house brands" and "Remove dependency on International brands", connected by a blue line.

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KEY TAKEAWAYS FOR MYNTRA

- Building in-house brands
- Remove dependency on International brands

So key takeaway for Myntra is to start building more brands which are in-house brands like HRX, Roadster. Try and focus on brand building exercises, so that you can actually one - get maximum margin. Second is you start slowly removing the dependency on international markets which is a strength for Reliance and it can pull out anytime. So that's literally looking at Ajio. If I look at Meesho, the same strengths and weaknesses.

STRENGTHS AND WEAKNESSES - MEESHO VS. MYNTRA

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Strengths	Weaknesses
<ul style="list-style-type: none"> Strong deep pocketed backers 	<ul style="list-style-type: none"> Strong challenge from horizontal players such as Amazon, Flipkart, Alibaba etc.
<ul style="list-style-type: none"> Favoured by the government because it is encouraging local entrepreneurship 	<ul style="list-style-type: none"> Highly price sensitive target audience and hence need to constantly work to keep costs low
<ul style="list-style-type: none"> First mover advantage in an unorganised market with no major established player 	
<ul style="list-style-type: none"> Strong value proposition of providing low cost and high quality products 	

Meesho has got deep, pocketed backers right. It will always be favored by local government because it's you know, kind of helping local entrepreneurship, strong value proposition of providing low cost, high-quality products, whereas the weaknesses is it's the target segment it is kind of working with is very price-sensitive. Hence it always needs to work towards keeping the cost low.



KEY TAKEAWAYS FOR MYNTRA



So key takeaway for Myntra when it's trying to look at Meesho is make sure that you're -- right now you're operating in different segments, Myntra is mass premium, whereas Meesho is in the mass segment, but any time when you start seeing that Meesho is starting to move up the ladder or whatever are the brands which are there in the bottom run for Myntra, you need to make sure that there are clear differentiators for them. Either in terms of the value or in terms of the product quality or in terms of the design trends, so that Meesho doesn't eat into the market that you have and build a moat of you know the brand value which is very difficult to kind of take away.

So that's literally kind of looking at two of the competitors. You can actually go into the details by looking into you know how other websites kind of performing. Most of the websites will have the top products on the website as well. Try and compare how the products are there. What products are selling on one website versus the other? Is there a problem in the assortment which can be plugged in? In fact, both these companies, and, in fact most of the e-commerce companies have a big competitor analysis teams which are sitting in which are crunching data,

which are looking at what is selling on their product, what is going out of stock, what are customers buying and trying to identify do we also have the same products or not.

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END NOTE

Fashion is \$50B+ opportunity in India and online Fashion is still 3-5% of it

- Majorly online fashion is controlled by Flipkart + Myntra (accounting for about 70%+ of revenue)

But the entry of Reliance (AJIO) in the scheme is expected to change the numbers over the years

- Reliance Retail is the largest retailer in the country
- It operates over 11,300 stores pan India with ~26 million square feet of retail space and is growing rapidly
- AJIO + Reliance Trends is the central piece of its offline to online story in the Fashion category
- Reliance is not affected by the e-commerce FDI guidelines and has a higher control on pricing, discounting and customer experience

Also, players like Meesho will move up the ladder to target more premium buyers because the margins are higher

Hence Myntra should focus on keeping a close eye on both direct and indirect competition

So end note is overall fashion is a big market which is about 50 odd billion dollars. Right now, online fashion is about three to five percent of it. Ajio definitely is a very strong competitor which will come in which will not be affected by the current ecommerce guidelines. It already has the scale. It has got about 11300 pan India. So it can actually do a create omni-channel experience where you can buy products online or offline. It can give you the advantages, touch and feels. So the thing is that Myntra should be trying to you know target each of this by you know different kind of engagements whether it is opening offline stores, whether it is bringing a moat on building good brands, whether it is associating with celebrities, so that when Reliance comes in and when it scales up, it's not able to pose a challenge.

Similarly, Meesho will definitely move up the ladder once it gains scale. It needs to keep an eye out, ensure that it has the brands which will compete with Meesho and will not let it eat the market. So what Myntra needs to understand and obviously observe in the market is keep a very close eye on the competition, both direct and indirect and make sure it has a moat or differentiators which are very well established, so that when the competition you know tries to increase its reach or tries to eat into the market, it is there prepared to defend its stuff. So that's it from my side. Thank you, everyone.




You know that any product or service you need to identify the target audience who are willing to use it or buy it? But you know what they say, the world is your oyster. How do you figure out the user base of your product, out of billions of people in the world? How do you zero in on the right market and the right market size, like this turmeric Latte? Let's see what our subject matter expert has to say about it.



So, as I mentioned earlier, while you're analyzing the market, you also need to look at the size of the market that you will be catering to. So, the reason this is important is for product managers especially is because whenever you are creating any new feature or any new product, you would obviously be prioritizing against several other asks that that keep coming, right? So, it is critical for aspiring PMs to know that, how each feature or how each product is going to benefit the users. And then accordingly take a call as to what to do first. And that's when sizing the market kind of comes in, right?



So, for example, say if you are looking at building an app, then the total owners of smartphones worldwide would basically be your target available in the market or the PM. Now from this total target market or total available market, if say, for example, your app is only in, or your product is only in English or it's only in Hindi, or let's say it's only for android users or only for IOS users, then the total market basically reduces a little bit and it becomes a little smaller. And that is what we would call us here, serviceable available market or the SAM. From this service in the market, you would then need to look at the percentage of people who will actually buy your product or who will actually use your feature. And this will eventually lead to your target market.



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SIZING YOUR MARKET

- 01 Total available market (TAM)
- 02 Serviceable available market (SAM)
- 03 Target market

a. Customer segment the product caters to

So, hence, the total available market or the TAM would basically be the overall revenue opportunity available for a product or a service. The SAM or the serviceable available market would be the percentage of the market that can be reached realistically. And finally, the target market is actually the group of individuals that the product or services created for, and who use it as well or it is targeted towards.



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MARKET SIZING

Top-down approach



Now how do you, like, how do you actually approach arriving at your potential market rate? So, there are two typically followed ways that you can do, one is a top-down kind of an approach, the other is a bottom-up approach. So, in the top-down approach, what you would do is first look at the entire broad market and then move down to the target market segment. In the bottom-up approach, you do the exact opposite. You would basically estimate the sales for say, one store and then be able to and use that to determine total sales.


Pause



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MARKET SIZING

Bottom-up approach




So, for market sizing, the first step would be to gather secondary data usually, which is very helpful. And you would do that typically from trade publications or any relevant sources.

Pause



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So, for example, Indian Stat is a good example or a good repository to get data or demographic data from. And then the next question is what kind of data are you going to collect?




MARKET SIZING

- 01 Collect secondary data
- 02 Data collection points
 - a. Number of customers
 - b. Money spent
 - c. Product usage

You need to look at the number of customers in the market, the aggregate money that is spent by these customers or users on the relevant class of goods or services that you're planning to prioritize. And the number of units or relevant products in a year, as well as usage occasion set, how frequently is it used and what use cases are you addressing in.

Some of the data points can be got using secondary research. However, for some data-points, you may actually need to make a relevant assumption. So, we look at one specific example of how the market size can be calculated.



SIZING THE MARKET: ONLINE TRAVEL PORTAL

Weekend getaway package

TAM:
People who prefer staying
in a resort

↓

SAM:
Percentage of TAM living
in metros — 60%

60

So, let's say that you're basically building a product in an online travel company addressing a weekend getaway or we can travel hours. So, you want to basically create a product that could be used by customers who are trying to book a weekend accommodation. So, in this case, how you would start out is that you would look at the total available market. So, the total market is generally folks, when people travel on the weekend, they actually go and prefer staying in say, something like a resort or an accommodation which is different from a business hotel. So, that says your total available market.

Then you would want to narrow it down to come to the serviceable market. Now as a product manager, you would obviously need to think about what areas or what, what geographies are you going to service. So, there's a good possibility that you may want to actually start servicing weekend travellers out of major metros in India. So, that would

be same how many travellers you can expect to go from Bombay or from Delhi, Bangalore, Hyderabad, Chennai, a couple of other metros, right? So, that's where your serviceable market reduces to.



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**SIZING THE MARKET:
ONLINE TRAVEL PORTAL**

Weekend getaway package

SAM:
Percentage of TAM living
in metros – 60%


↓

Target market:
Percentage of SAM willing to book
package online – 50%

50

Now the resorts that you had planned on initially, you would also need to see how many of these resorts are within driving distance, within these metros. Because we can travel, it typically ends up being more of a driving travel and not so much of air travel or rail travel. So, that's the way you can actually narrow down that. Once you have the entire gamut of results available in the country, you can then look at how many of these are within a certain radius or within, around these big cities. And you can actually then start narrowing down.

Let's say, half your population would prefer to go within a hundred kilometres, a little less would actually prefer to go say 200 kilometres from the main city. That's where you start narrowing down the market. And finding the target market, in this case, would be, people or customers who are actually willing to transact or pay online, and book this travel online, right? Some of them actually choose to do offline, but what proportion of this is actually an online population is what your eventual target market would be. So, that's how you can actually size the problem. And then you know that the product that you're looking to build, what is the overall revenue opportunity for this product?



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**FACTORS INVOLVED IN
ENVIRONMENTAL ANALYSIS**

01

Demographic factors

02

Technological factors

03

Socio-cultural factors

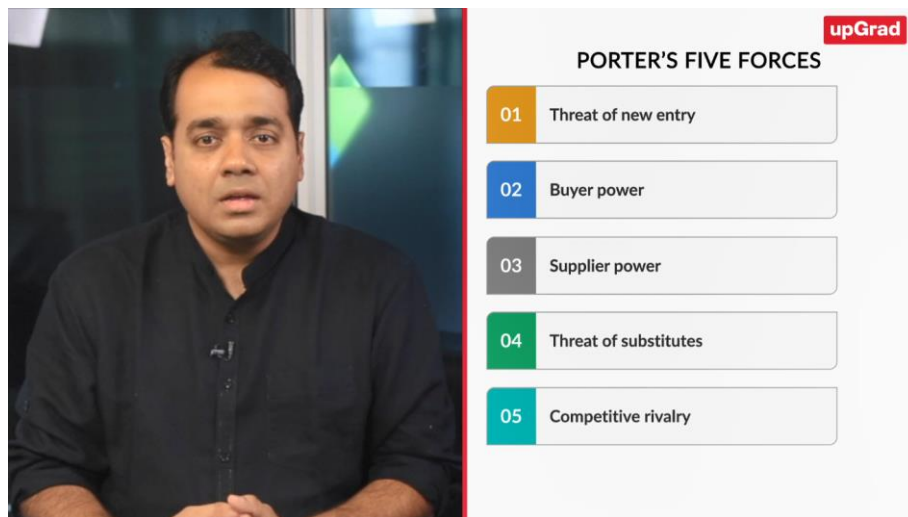
- a. Behaviours and attitudes
- b. Growth rate
- c. Age distribution
- d. Career attitudes
- e. Safety

That was a great topic to start the program with. Understanding the industry is a crucial job for a PM. So, let's recap what you learned about it. We started the session with learning about the factors involved in understanding the environment of your product.


These are demographic, technological, socio-cultural, economic, and political and legal aspects. Demographic details about your target population include the age group, income levels, spending habits, ethnicity, etc. These details and more go into building a persona which we'll look into in a later session.

Next, you need to know the technological aspects in order to build a good product. You got an idea about this through the examples of Facebook Lite and the smartphone landscape in India. You also have to consider social cultural factors such as cultural trends and attitudes, age distribution, career attitudes, growth rate, safety and so on. You understood this further through the example of pay by cash options by Flipkart and Uber, and the growing trend of renting clothes in India.

Then come the economic factors such as GDP, interest rates, economic growth, inflation, exchange rates, etc. And the political and legal aspects are the stability of the political environment, changes in tax policies, trade agreements and so on, which affect the design of your product and the way your product makes money. Examples like Karnataka governments' consideration of banning search pricing and TRAI regulations lost it at this point.



Next, we moved on to Porter's five forces, Threat of Entry, Buyer Power, Supplier Power, Threat of Substitutes and Competitive Rivalry. Through the example of an online travel portal, you learned the importance of knowing how easy it is for a competition to enter an industry. What kind of power is held by the buyers? What kind of power is helping suppliers? What is the danger of a substitute upstaging your product and how intense the competition currently is?




04:18 / 05:59

COMPETITIVE ANALYSIS

- 01 Identify competitors
- 02 Analyse competitor background
- 03 Assess business model
- 04 Evaluate strength and weaknesses
 - a. Strong points
 - b. Pain points

After this, we discussed the factors involved in analyzing your competitors' businesses. You have to identify the competitors, analyze their backgrounds, assess their business models, figure out the strengths and weaknesses, understand the details of their products and how they're performing, and be able to predict a future initiative they might take.



Pause

**SIZING THE MARKET:
ONLINE TRAVEL PORTAL**

Weekend getaway package

TAM:
People who prefer staying
in a resort

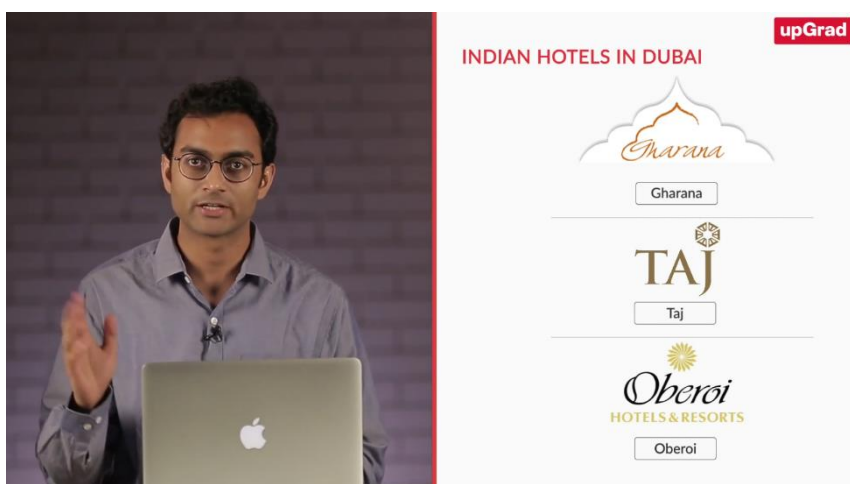
↓

SAM:
Percentage of TAM living
in metros — 60%

60

We ended the session with a discussion on how to size your market accurately. For this, you need to know your TAM, SAM and target market. The TAM or total available market is the overall revenue opportunity available for your product or service. The SAM or Serviceable Available Market is the percentage of the market that can be reached realistically.

And lastly, your target market is a group of users for whom you specifically build the product. This is the group that uses your product well. You saw an example of how an online travel company building a weekend getaway package would size its market, and that's the end of this session. The next time we meet, we'll discuss how to understand the product adoption lifecycle. Until then, keep thinking and keep applying.



So, here's a PESTEL analysis that we conducted for an Indian hospitality player who wanted to expand into UAE. So, with the hospitality industry growing at a steady pace in the UAE market, and the penetration of a couple of Indian players growing steadily too, we wanted to analyze the UAE hospitality industry for our international expansion.

PESTEL ANALYSIS: UAE HOSPITALITY INDUSTRY					
P	E	S	T	E	L
Political	Economic	Social	Technological	Environmental	Legal
<ul style="list-style-type: none"> Stability of government 10% contribution of the tourism industry to the GDP No terror incidents High rank in the political stability index 	<ul style="list-style-type: none"> Healthy employment market leading to an increase in consumer spending High GDP per capita and foreign labour Stable growth in hospitality and leisure Highly fossil fuel reliant economy 	<ul style="list-style-type: none"> Comfortable lifestyle due to high per capita income and a healthy employment rate Mix of different cultures and traditions due to globalisation No impact on tourism due to traditional women's clothing 	<ul style="list-style-type: none"> Presence of technologically advanced systems High penetration of internet (about 90%) Easy adoption of the latest technologies 	<ul style="list-style-type: none"> Hot and dry climate for 4-5 months per year Value seekers travel to UAE during the dry climate phase Proximity to sea offers flexibility on trade routes 	<ul style="list-style-type: none"> UAE's air traffic on American and European routes has surged due to liberalisation of the country's air travel market Labor and public security laws are important concerns Due to legal pressure, airlines focus on safe and secure travel

Now here are some points from the PESTEL analysis that we conducted for this. So, number one is the political factor. So, UAE has a very stable government with a focus on tourism and tourism contributes about 10% of its GDP. It has actually not witnessed any terror incident going to which the political stability of this is very high. And the country actually ranks at almost number one in terms of the political stability index.

So, for instance, if you want to compare the political stability index of other countries, so, countries like Sri Lanka, which witnessed a terror incident in the recent past ranked very poorly in this index. Number two, economic factors. This remains a key factor behind the high demand in the UAE tourism sector. The job market has continued to grow stronger, which has led to an increase in consumer spending. The country has a high GDP per capita and foreign labour being a significant driver of economic growth. The country also pushes the travel and tourism sector. This, in turn, leads to stable growth in hospitality and leisure. However, one thing to note is that this is still a very, very high fossil-fuel reliant economy.



Number three, social factors. Citizens of the UAE live a very comfortable lifestyle owing to a high per capita income and a good employment rate. The country has a mix of different cultures and traditions, thanks to its globalization. Religion is a very, very important component of the UAE society. It forms the basis of their entire political system, culture and like a general way of living.



For instance, native women in the UAE are expected to follow a certain clothing style. However, this is still now not impacted any kind of inbound or outbound tourism.

Number four, technology. The youth population in the UAE has been seen to be more tech-savvy compared with most of the other countries. And another important factor is the internet penetration, which is as high as 90% here. Most of the latest technologies are already present or have already been adopted in the UAE.

Number five, environmental factors. The UAE has a desert climate that is, it's very hot and dry, which impact tourism for about four to five months of the year. However, this has seen a visible change in the recent past with value seekers identifying this time of the year as the ideal time to travel. Also, its proximity to the sea offers flexibility on the trade routes.

Number six, legal factors. UAEs air traffic on American and European routes has seen a surge in the last six years. This is attributable to the series of agreements undertaken to liberalize the air travel market and the labour and public security laws are also an important concern here. The legal pressure and challenges have led to airlines focusing more

on making the travel safer and insecure. This has become an important factor for any product manager to be familiar with the local laws in context to the industry in which he or she is involved in.

So, for a travel tech company, the UAE is favourable geography to consider. The only factor to be careful about in the piston analysis will be its impact in the long run due to its heavy reliance on oil and fossil fuels.

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