

External Analysis

- Ask 3 questions

- is this realistic to enter the market
- Does the industry contain ripe markets to enter
- Can we avoid competition.

- ① Define your Industry

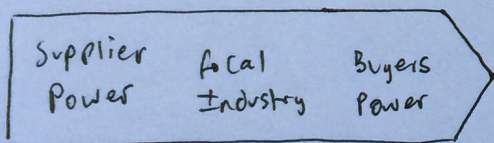
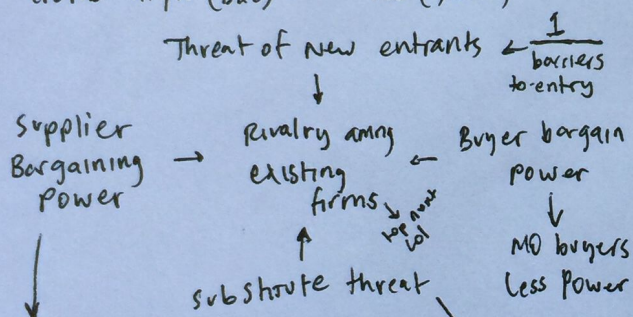
- not too broad, but not too narrow

- Macroenvironmental trends can affect Industries

- i.e. trends, tech adv, politics...

- 5 forces model

(rank High (bad) → Low (good))



↳ Backwards integration: Pepsi buying a caffeine supplier

↳ Forwards Int: Ford buying a dealership.

Substitutes come from outside the Industry

- if you have to do something, then it can be priced higher.

- Cost of substitute products

- Rivalry varies by competition and Industry Growth Rate