

Week 4 summary

Analyzing competitors-markets-submarkets

- Where to compete
- How to compete
- Who to compete against
- Issues the strategy has to deal with e.g. market share decline

WHO TO COMPETE WITH

- ☐ Who are the existing and potential competitors?- Direct and Indirect?

Who's got the biggest market share ? Is the leader?

- ☐ What strategic groups can be identified?
- ☐ What are their sales, share and profits?
- ☐ What are their strengths – and vulnerabilities?
- ☐ Who do they target?- Telecom → not students
- ☐ How do they compete?(strategies?)

Market leaders must both defend their position and seek constantly to improve it.

Customer choices – What brand would you buy if your favorite was unavailable?

What product substitutes? E.g landline/fax/email for Mobiles

Strategic groups- pursue similar competitive strategies /similar characteristics/assets & SCA's



Image and positioning - personality and innovation → intangible and cannot be copied

Size - how is their growth rate?

Strategies - past ones? Competed against whom? Chosen competitor? Must define this as clear out target customers and product features as competition dictates this

Cost- Economies of scale- multinational vs national → telecom can't win this

- Sunk/capital/outsourcing options/bottom line cost?

Organisation and their culture-

- MGMT source? Centre vs innovative? Sales/market oriented?
- Malaysia tightly controlled → difficult innovate
- Airnz- difficult to discipline → very innovative

Exit barriers

- ❑ *Specialised assets* - plant-equipment-other assets
- ❑ Leases, fixed costs= agreements
- ❑ *Govt. regulations* - responsibilities/logistics
- ❑ *Pride*; commitment- emotional attachment to the customer or employees that affects economic decisions

Relevant assets and capabilities

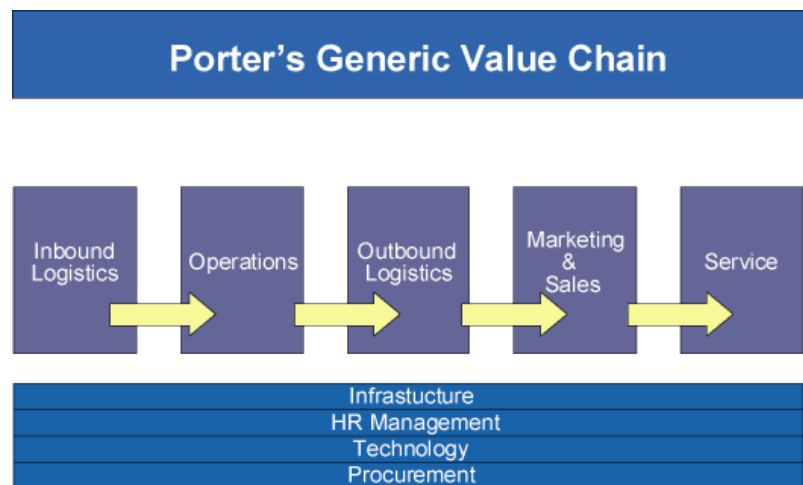
- Past success? What did they use in terms of assets/SCA? Vulnerabilities?
- Lacking?
- Value contribution was?
- Potential strengths and weaknesses can be identified by considering the characteristics of successful and unsuccessful businesses, key customer motivations, mobility barriers, and value-added components.
- Competitors should be analyzed along several dimensions, including their size, growth and profitability, image, objectives, business strategies, organizational culture, cost structure, exit barriers, and strengths and weaknesses.
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MARKET ANALYSIS

Emerging submarkets-

Making shit that customers want rather than just a great product

Structuring market analysis



Traits- growth potential? Trend drivers? Decline rate?

- Profitability- competition level?
- Porters five forces and value chain
- Distribution Systems
- Alternative channels of distribution? How are they changing?
- Market Trends
- Key Success Factors

KEY POINTS

- The emergence of submarkets can signal a relevance problem.
- Market analysis should assess the attractiveness of a market, as well as its structure and dynamics.
- A usage gap can cause the market size to be understated.
- Market growth can be forecast by looking at driving forces, leading indicators, and analogous industries.
- Market profitability will depend on five factors – existing competitors, supplier power, customer power, substitute products, and potential entrants.
- Cost structure can be analyzed by looking at the value added at each stage of the value chain.
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