

Industry Analysis



What is meant by
“Industry Analysis”?

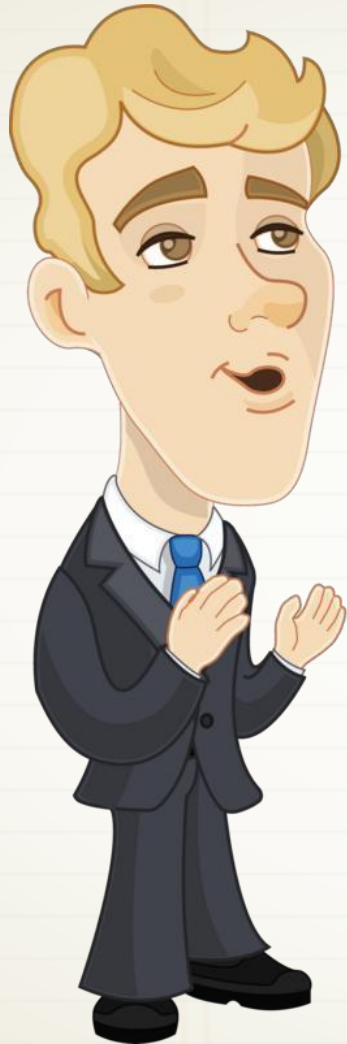
Mr. Expert



Let's Start with
simple
Presentation.



What is Industry Analysis



- Industry analysis is a tool which enables a company to understand its position relative to other companies
- Enables businesses identify the threats and opportunities facing them.
- It helps them to focus resources on developing unique capabilities.
- Helps in Forecasting Future Trends and Directions.

Major elements of Industry analysis

Understanding the underlying forces at work

Understanding the attractiveness of the industry

Understanding the critical factors that determine success within the industry.

Qualitative

Quantitative

Ways to Perform
Industry Analysis!!!



qualitative

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graph LR; Qual[qualitative] --> PFF[Porters Five Forces]; Quant[quantitative] --> RA[Ratio Analysis]
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The diagram features a light green background. On the left, there are two overlapping rounded rectangular boxes. The top box is yellow and contains the word 'qualitative' in white, bold, sans-serif font. The bottom box is blue and contains the word 'quantitative' in white, bold, sans-serif font. To the right of the yellow box is a large, light yellow arrow pointing right. To the right of the blue box is another large, light yellow arrow pointing right. Further to the right, the text 'Porters Five Forces' is written in white, sans-serif font, stacked in three lines. Below it, the text 'Ratio Analysis' is written in white, sans-serif font, stacked in two lines.

**Porters
Five
Forces**

quantitative

**Ratio
Analysis**

Porter's Five Forces

Threat of
New Entry

Threat that the new competitors pose to existing market players in the industry

It is the availability of a substitute product which the buyers can find instead of a core selling product.

Threat of
Substitution

Bargaining
power of the
Supplier

Pressure that the suppliers can exert on businesses by raising prices or lowering quality or reducing

Pressure that the buyers can exert on businesses to provide them higher quality products, better customer service, and

Bargaining
power of the
Buyer

Competitive
Rivalry

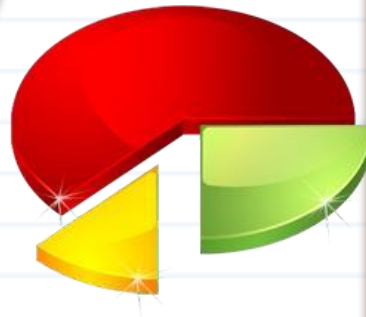
It is the extent to which the competitive firms within an industry can pressurize each other

What is meant by Industry Attractiveness and Success factors



Industry attractiveness is the presence or absence of threats which is exhibited by the industry forces.

Success factors are the elements determining company's success or failure in the given industry.



Important factors affecting Industry analysis

Future of the sector

Inflation Rate

Demand and Supply

Benefits of Industry Analysis

- Managers gain a better understanding of their business.
- Allows Company to Position themselves.
- Helps companies to better respond to any changes in the industry