# 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 → 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

**Threat of Substitution**

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

**Bargaining power of the Supplier**

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

**Bargaining power of the Buyer**

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

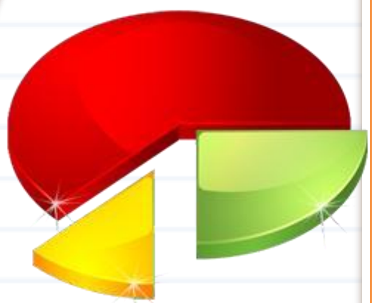
**Competitive Rivalry**

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