TIM 80c  4-19-16  Lecture 7

(1) Project Proposal 1 review
(2) Homework 2 preparation
(3) Finish Market Segmentation
HW Q2
"Business Landscape"

Purpose: evaluate the desirability of entering a particular market.

Five Forces: F1, F2, ..., F5

- F2: New Entrants
- F5: Suppliers
- F3: Complementary Products
- Substitute Products
- F1: Competitors
  - Rivalry in the mkt
- F4: Buyers
F1 - Rivalry Between Competitors

Key Factors
- Concentration - how many companies & the size of each
- Brand Identity

F2 - Threat of New Entrants / Barriers to Entry

Key Factors:
- Capital requirements
- Regulatory barriers
- Brand Identity

F3 - Threat of Substitute Products

Key Factors:
- Switching costs
- Price - is substitute less expensive?
- Functionality / quality - how close a substitute is it?
F4 Buyer Power

Key Factors

- Buyer concentration, e.g., Monopsonist?
- Switching cost - how easy is it to move to a different product?

F5 Supplier Power

Key Factors

- Supplier concentration
- Switching costs

F6 Complementary Products

Key Factors

- Substitutability
- Also new entrant?
Q2 pt 4

**STRATEGIC TARGET**

- the subgroup of a segmented market the company is targeting

**Source of competitive advantage:**

- the distinguishing aspect of the product that interests the strategic target

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