

TIM 80c

4-19-16

Lecture 7

- (1) Project Proposal 1 review
- (2) Homework 2 preparation
- (3) Finish Market Segmentation

Approach to HW2 #1

Verb
- Nouns

clean clothes

input
soap

sort
colors

receive
info on
wash settings

~~Transfer
clothes to
machine~~

separate
items

identify
colors

~~generate
piles~~

Nouns

grabber

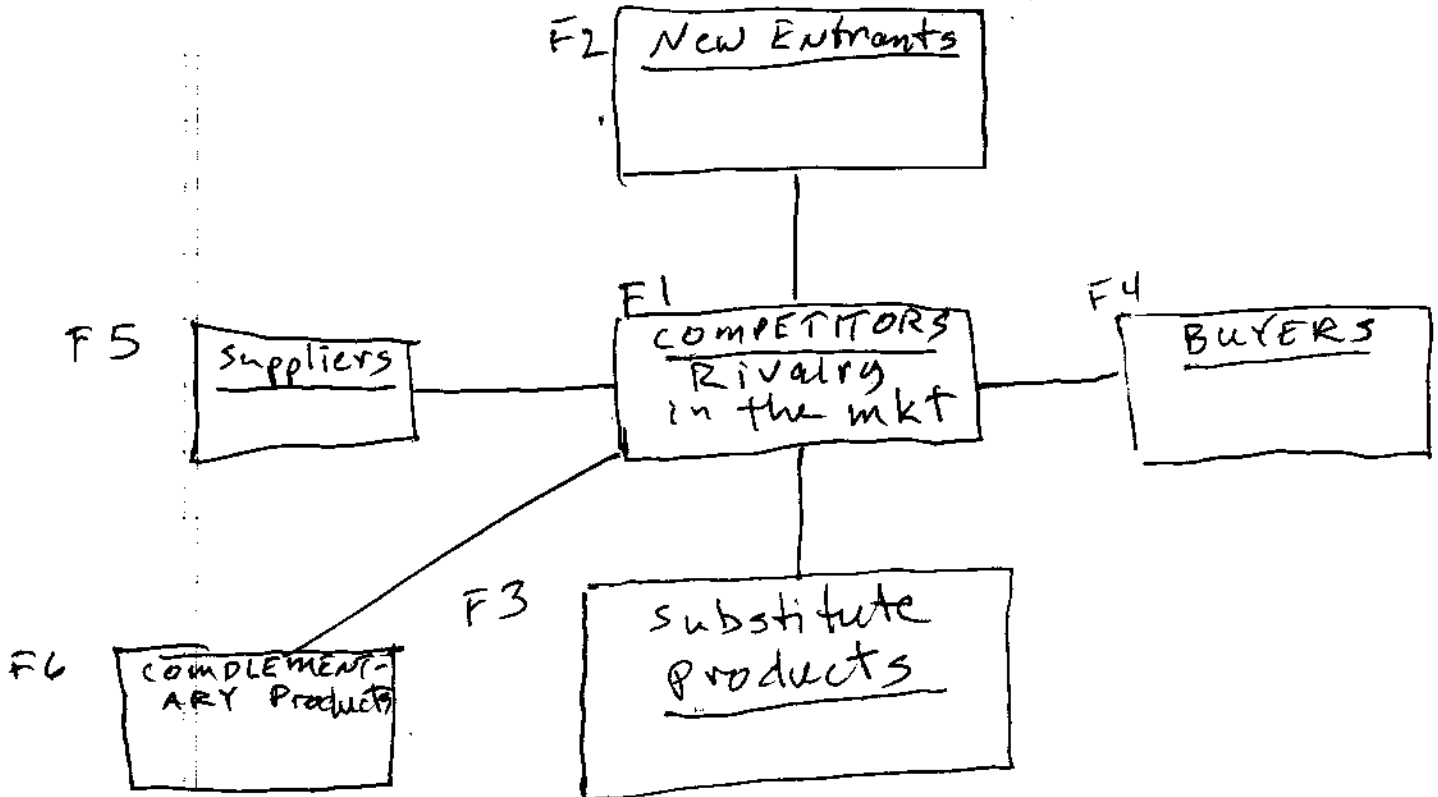
rotating
arm

Table

HW Q2

"Business Landscape"

purpose: evaluate the desirability of entering a particular market
Five Forces: F1, F2, ..., F5



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

Firm	STRATEGIC TARGET	competitive advantage