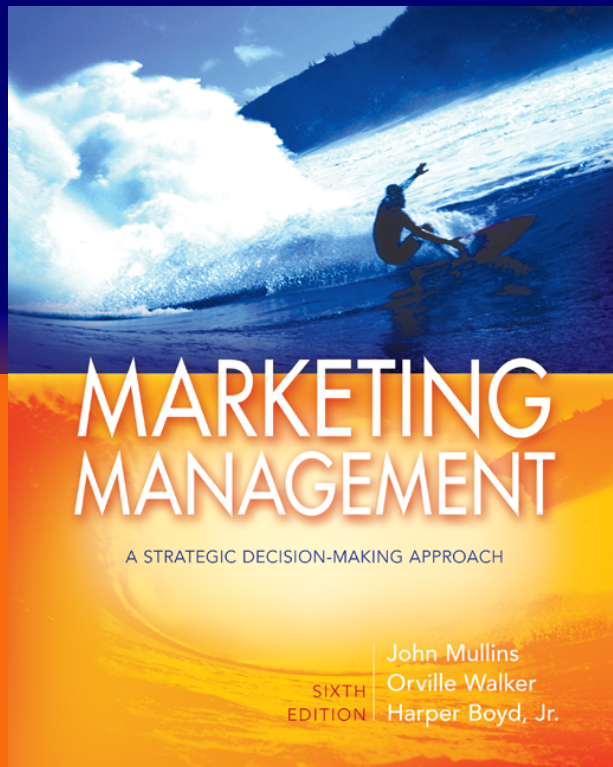


Chapter 3 Themes for Class Discussion



Environmental Analysis: Tools to Identify Attractive Markets

Market Attractiveness – Macro Level

A broad perspective to determine the scale of the opportunity

- Market size and trend data: (number of customers; total expenditures; total volumes; growth trends & forecasts)
- Macro trends and their likely effect on market development (demographic; socio-cultural; economic; technological; regulatory; natural)

Industry Attractiveness

– Macro Level

- An attractive industry offers more profit opportunity
- Assessment of industry attractiveness can be undertaken using Porter's Five Forces

A Tool for Assessing Industry Attractiveness: Porter's Five Forces



Source: Adapted from Michael E. Porter, "Industry Structure and Competitive Strategy: Keys to Profitability," *Financial Analysts Journal*, July-August 1980, p. 33.