

Analysis of the current situation

Marketing Plan NOW
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Chapter 1 out of 4
Market Analysis

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1.2 Market analysis

1.2.1 Recognizing markets

Now that the top two relevant environments have been recognized, you should realize in what “playgrounds” do you play in; what markets is your business part of, not one prime market but at least two related ones!



The main rule: recognize more than one market you belong to; more markets = more stability

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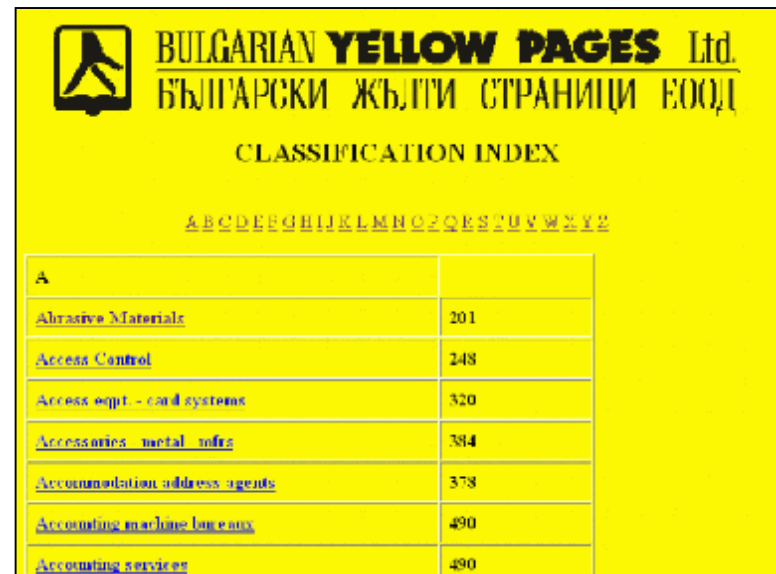
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1.2 Market analysis

1.2.1 Recognizing markets

You may get some guidance looking-up the yellow pages index.

In how many yellow-page categories does your business fall into? Not one, but few!



The image shows the cover of the 'BULGARIAN YELLOW PAGES Ltd. БЪЛГАРСКИ ЖЪЛТИ СТРАНИЦИ ЕООД' Classification Index. It features a logo of a yellow triangle with a black figure inside, and the text 'CLASSIFICATION INDEX' and 'А В С D E F G H I J K L M N O P Q R S T U V W X Y Z'.

A	
Abrasive Materials	201
Access Control	248
Access eqpt. - card systems	320
Accessories - metal tools	384
Accommodation address agents	378
Accounting machines (calc. aux.)	490
Accounting services	490

1.2 Market analysis

1.2.2 Analyzing market attractiveness

You can analyze the competitive intensity, and therefore the attractiveness of your main market.

To do so we can use a model developed by Michael E. Porter of Harvard Business School in 1979. Porter's model is called "Porter's five forces" or "Porter's diamond model".



1.2 Market analysis

1.2.2 Analyzing market attractiveness

There are four elements that influence the competitive intensity:

- Threat of **new entrants**
- Threat of **substitutes**
- Bargaining power of **customers**
- Bargaining power of **suppliers**



1.2 Market analysis

1.2.2 Analyzing market attractiveness ↓



Why is it called Porter's diamond model?

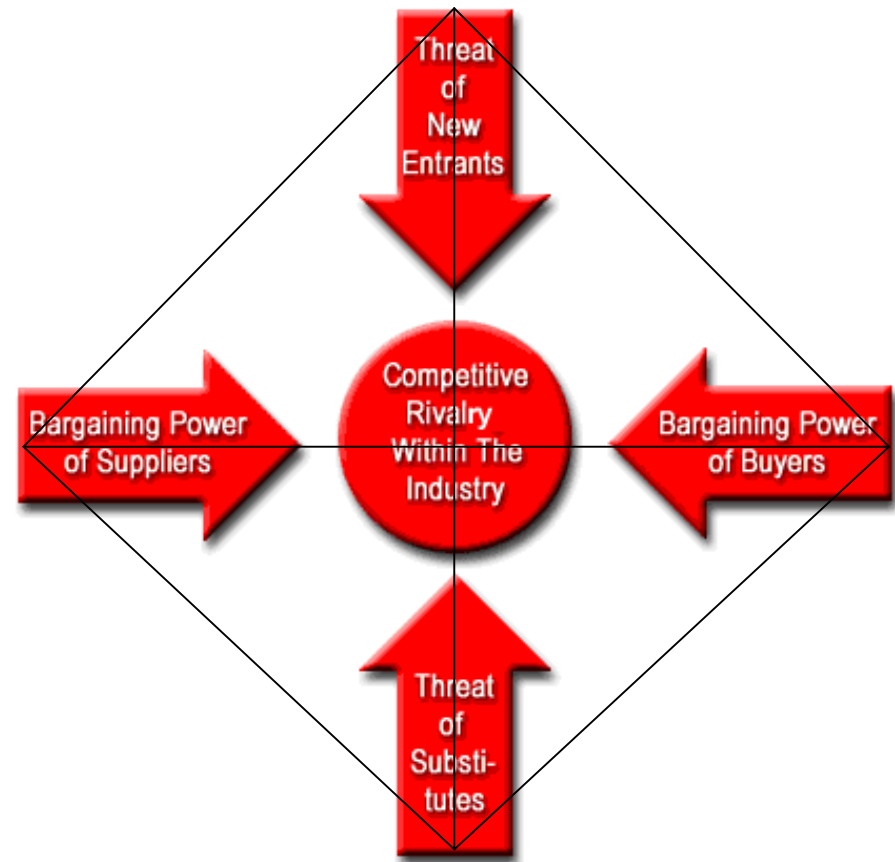


1.2 Market analysis

1.2.2 Analyzing market attractiveness ↓

Porte's diamond model shows that each element is inter-related to the others.

As this is the case, we can now measure the level of the competitive intensity of your market.

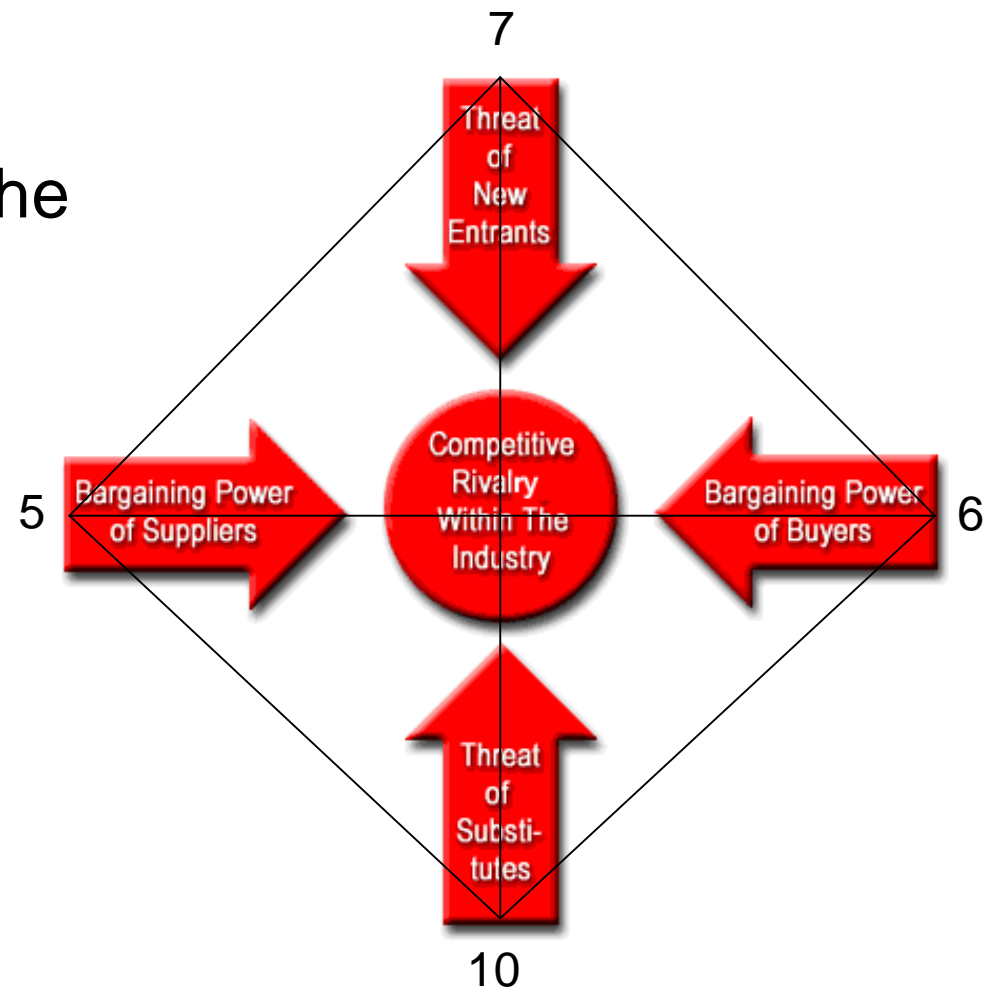


1.2 Market analysis

1.2.2 Analyzing market attractiveness ↓

Step 1: Grade each of the four peripheral elements from 1-10 (10 is the top indicative for high competitiveness in an ordinal scale)

As an example, the market is the business hotels in Paris, France.

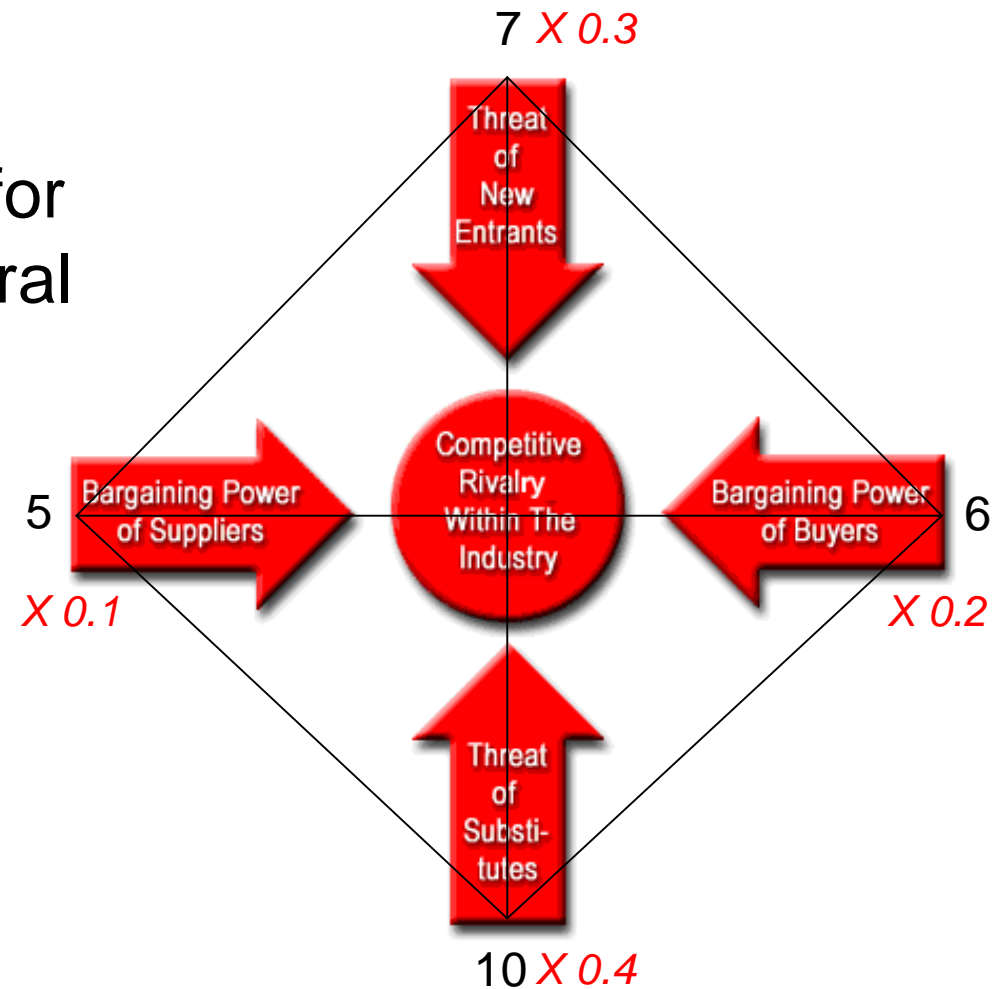


1.2 Market analysis

1.2.2 Analyzing market attractiveness ↓

Step 2: Allow a weight for each of the four peripheral elements to share **1.0** (or 100%)

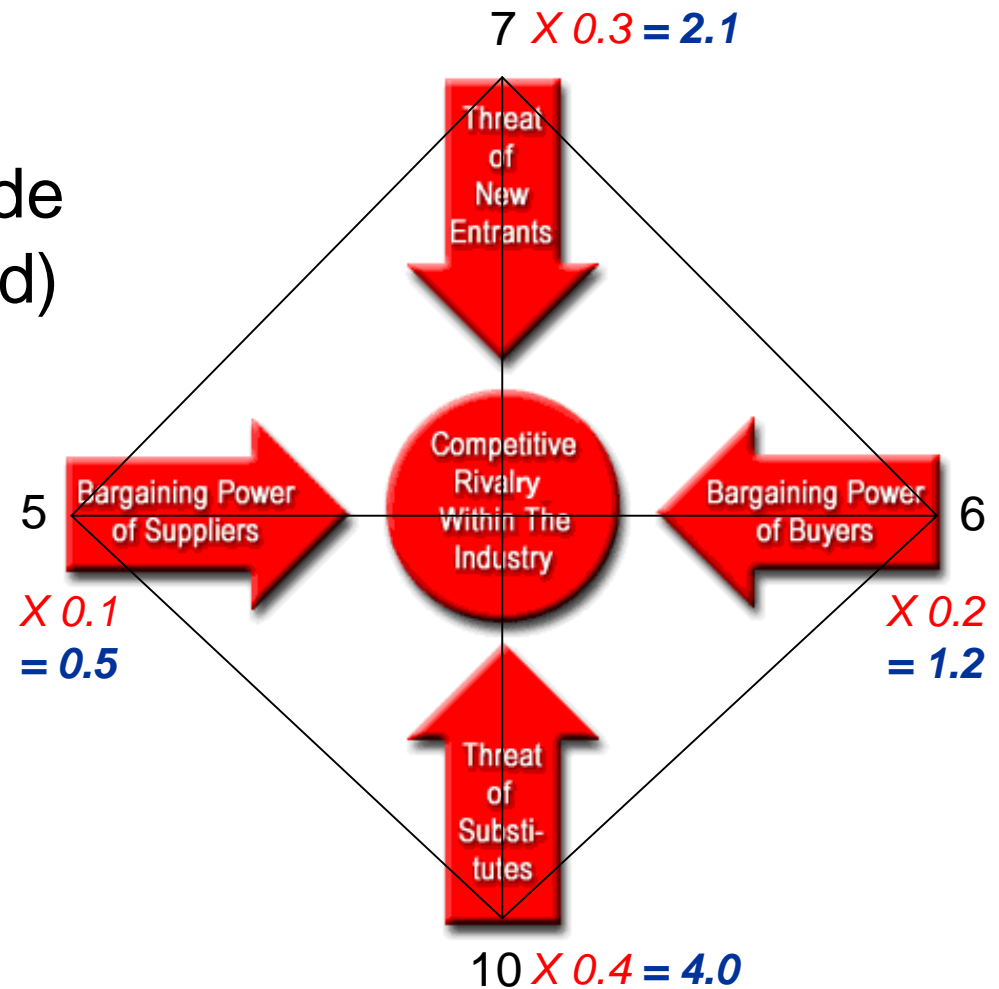
The market is the business hotels in central Paris, France.



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1.2.2 Analyzing market attractiveness ↓

Step 3: Multiply the grade (black) by the weight (red) in order to achieve **four** intermediate results.

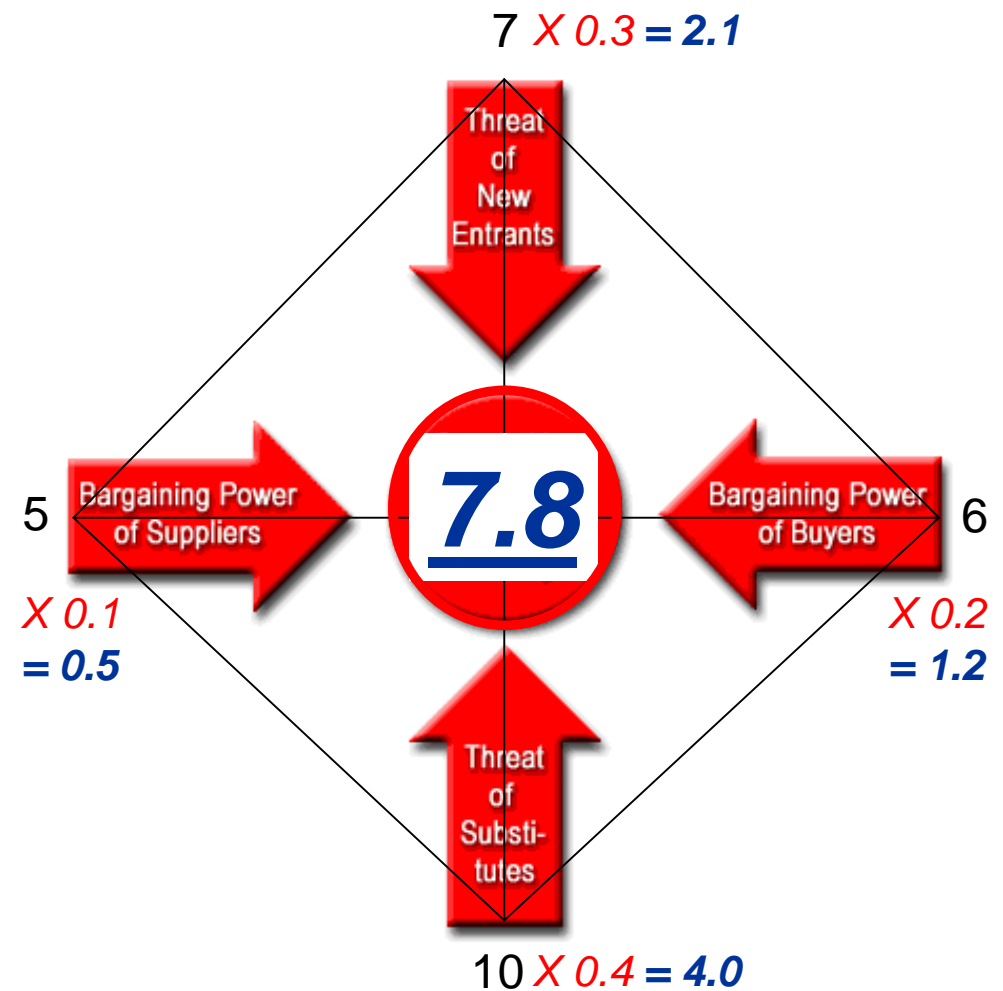


1.2 Market analysis

1.2.2 Analyzing market attractiveness ↓

Step 4: Add the **four results** to achieve the level of competitive intensity of the business hotels market in central Paris, France.

$$4.0 + 2.1 + 1.2 + 0.5 = \underline{7.8}$$

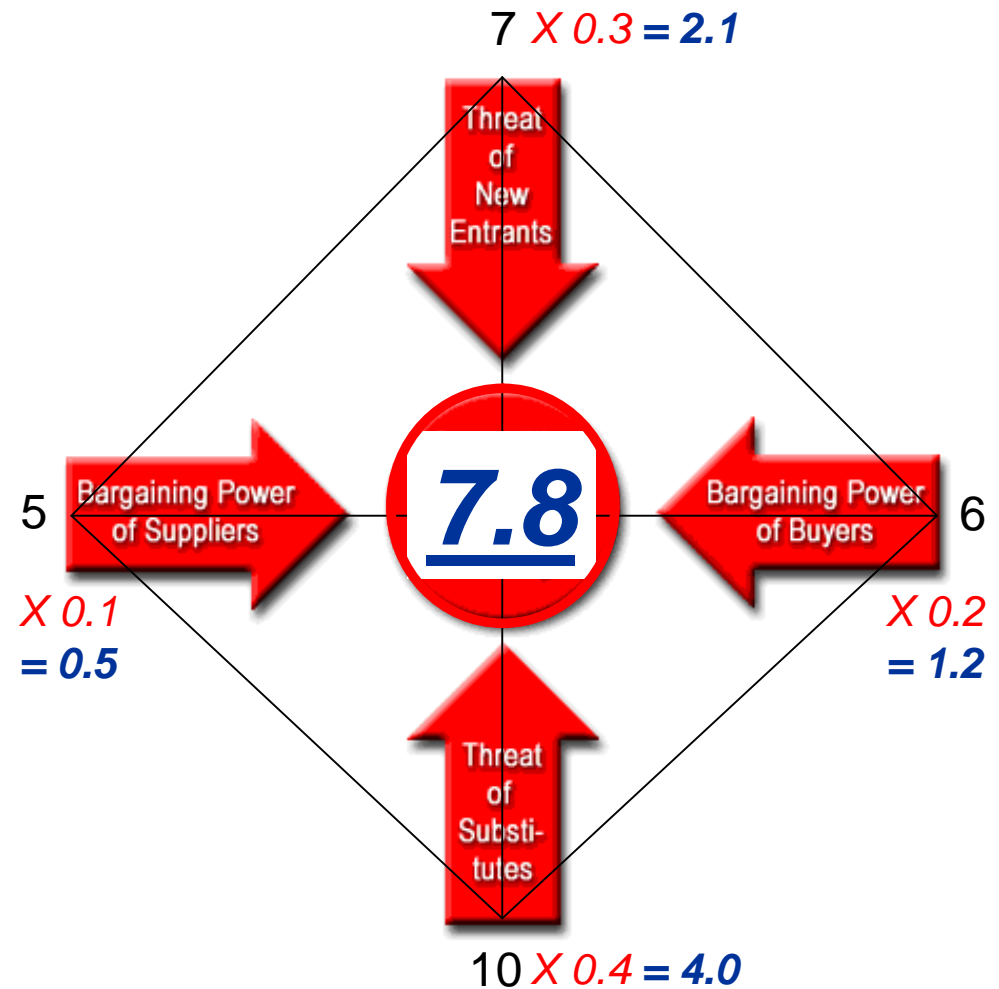


1.2 Market analysis

1.2.2 Analyzing market attractiveness ↓

Conclusion:

The level of your market competitiveness is rather high (7.8) while the attractiveness of this market is rather low (2.2 out of 10).

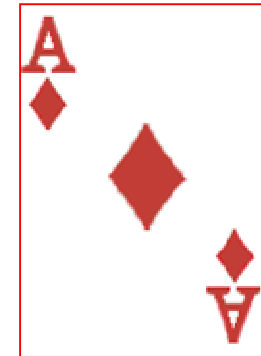


1.2 Market analysis

1.2.2 Analyzing market attractiveness ↓

Comment:

In order to achieve a reliable result it is recommended to conduct such a model with few specialists of the market in question.



1.2 Market analysis

1.2.3 Collecting data about market trends

Many markets in most countries are represented by a non-for-profit association:

- Guild of Professional Estate Agents, London, UK
- Hotel Association of New-York City, USA
- Indian Association of Preventive & Social Medicine

Try to locate the relevant association to your main market (see 1.2.1) to retrieve market trends.



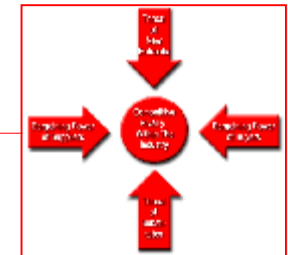
1.2 Market analysis, summary

1.2.1 Recognizing markets



RESEARCH YELLOW PAGES	
CLASSIFICATION INDEX	
1. General	1
2. Specific	100
3. Detailed	1000
4. Comprehensive	10000
5. Specialized	100000
6. Comprehensive	1000000
7. Specialized	10000000
8. Comprehensive	100000000
9. Specialized	1000000000

1.2.2 Analyzing market attractiveness



1.2.3 Collecting data about market trends





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