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- Has uploaded over 3000+ educational videos for CA Foundation and CA Inter students
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- Strong academic background with B.Com (BMCC, Pune) and ACA qualification
- Widely appreciated for his clarity, energy, and practical approach to law subjects
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CA DARSHAN JAIN

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CO FOUNDER

- Chartered Accountant by profession & educator by passion
- Teaching Financial Accounting , Financial Management & Strategic Management to CA Students For 12 Years.
- Practicing Chartered Accountant For Past 13 years in The Field of Audit , Direct & Indirect Taxes & Management Consultancy
- Elected as Convenor of The Jalna CA CPE Chapter of WIRC of ICAI For 2 consecutive years 20-21 & 21-22.
- He Has Successfully Completed & Qualified Following Certificate Course Conducted By ICAI
 1. Forensic Accounting & Fraud Detection
 2. Concurrent Audit of Banks
 3. Goods & Service Tax (GST)
 4. Public Finance & Accounting
 5. Drafting & Pleading Before Authorities
 6. Wealth management & Financial Planning
 7. Artificial Intelligence



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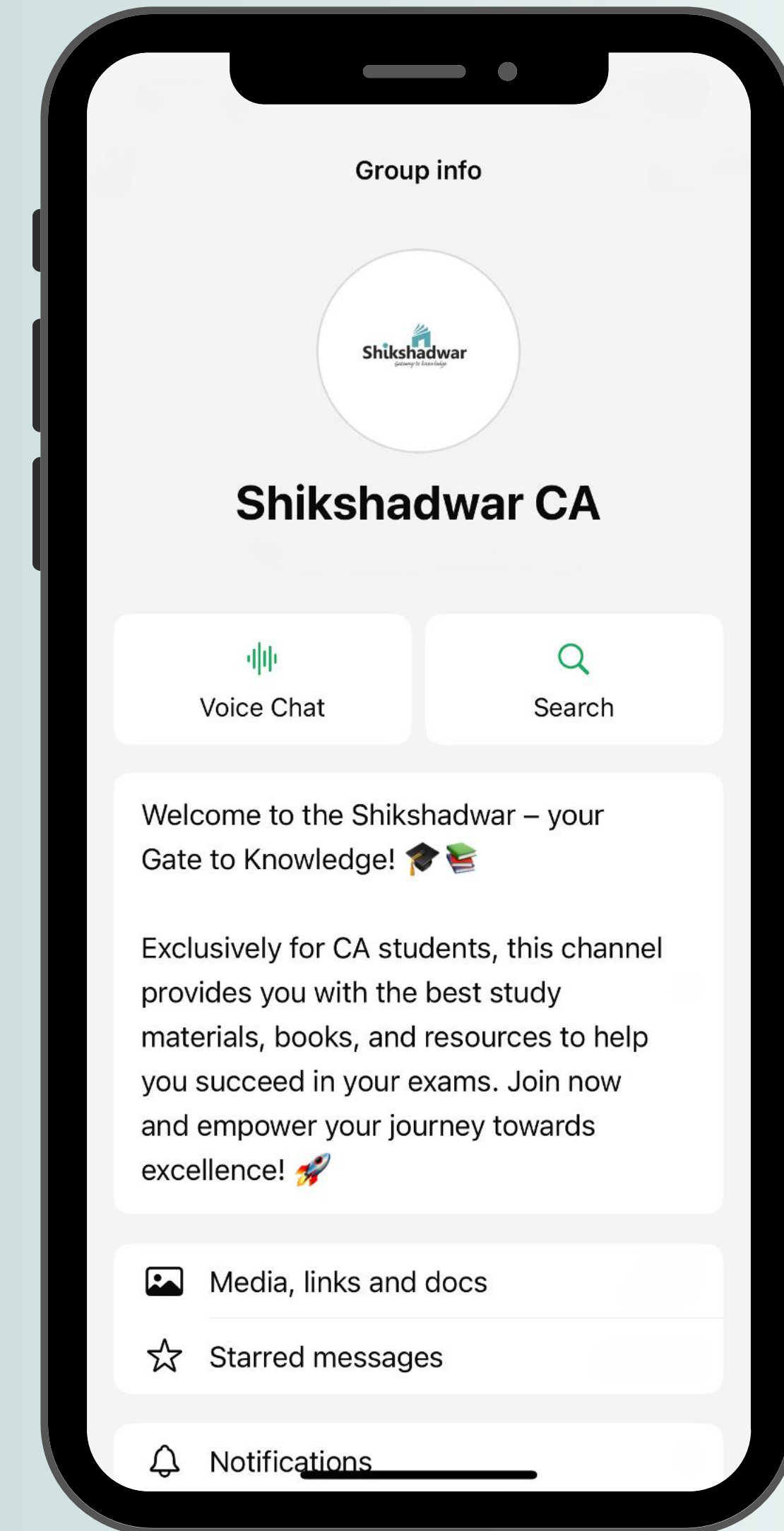
CA TUSHAR TAPARIA

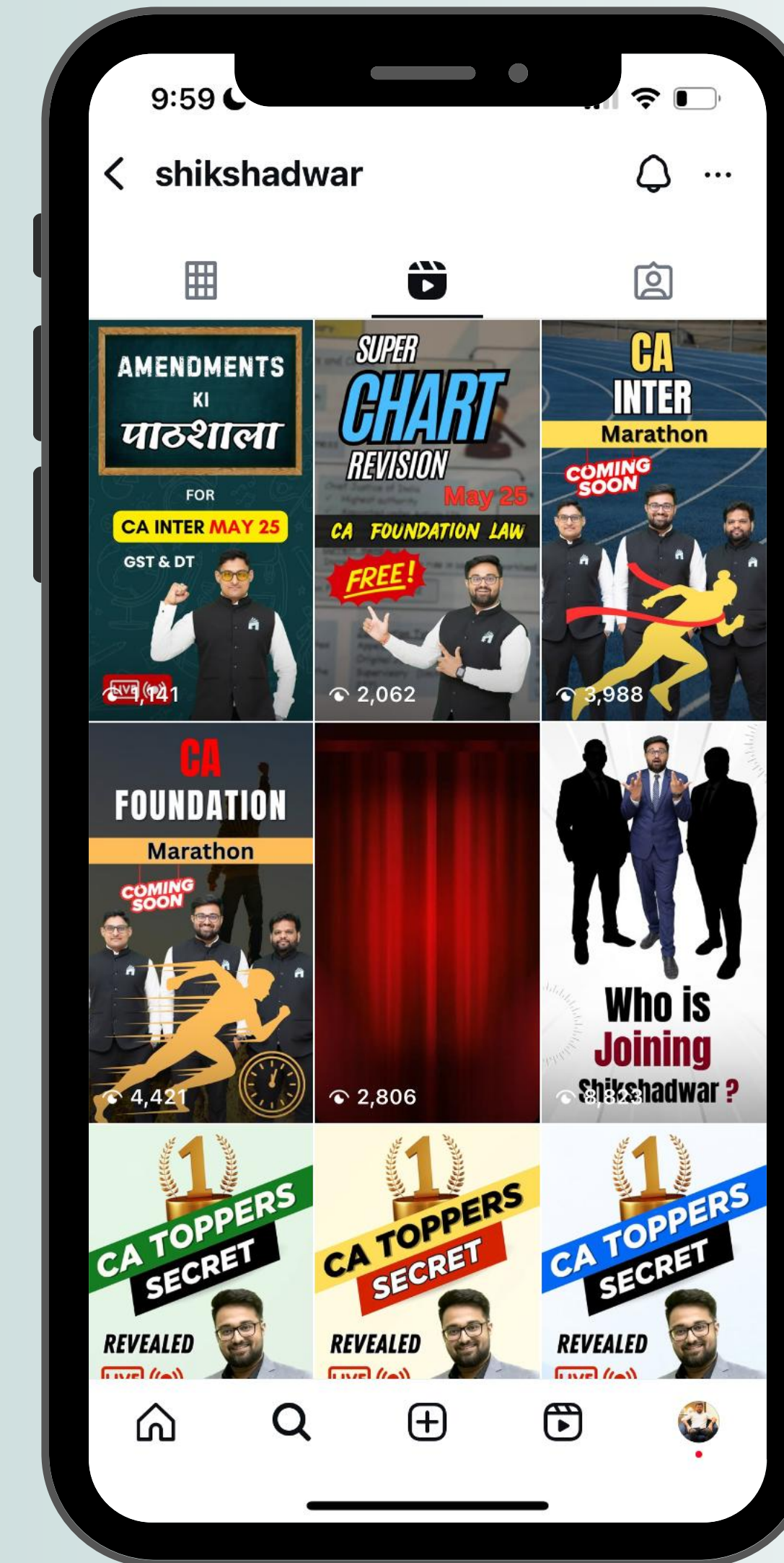
CA , LLB

- A multi-faceted professional with a Chartered Accountancy qualification and a Bachelor's degree in Law.
- Brings 7+ years of teaching experience across CA and CS professional courses.
- Specializes in:
 - Taxation at CA Intermediate and CS Executive levels
 - Economics at CA Foundation level
- Known for simplifying complex concepts with crystal-clear explanations and practical insights.
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- Frequently invited as a visiting faculty for Taxation at reputed coaching institutes.
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CA Foundation

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Class Features



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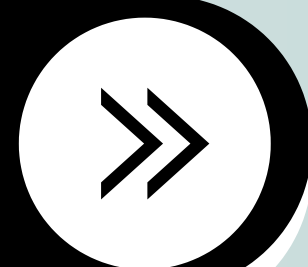
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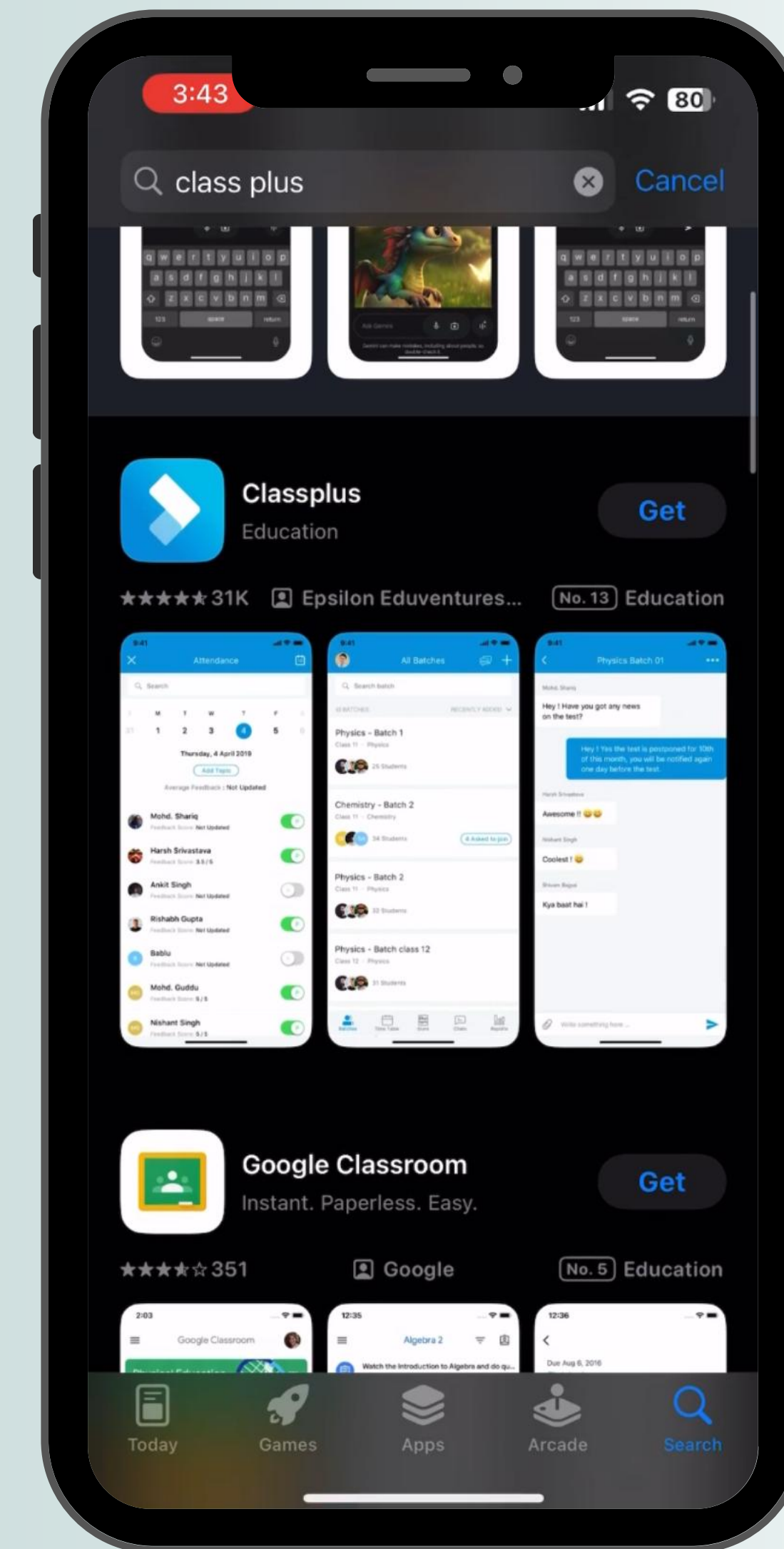
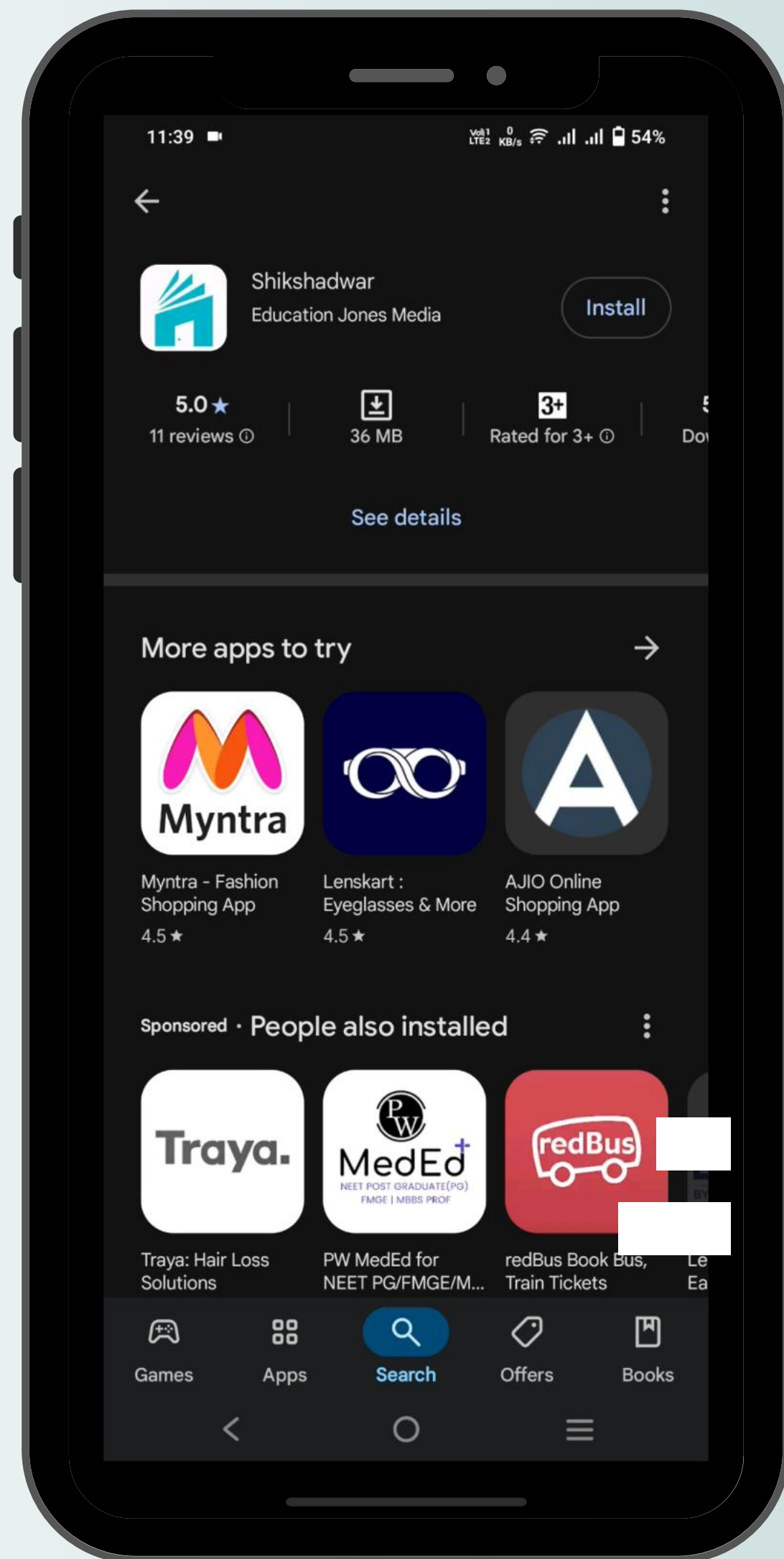
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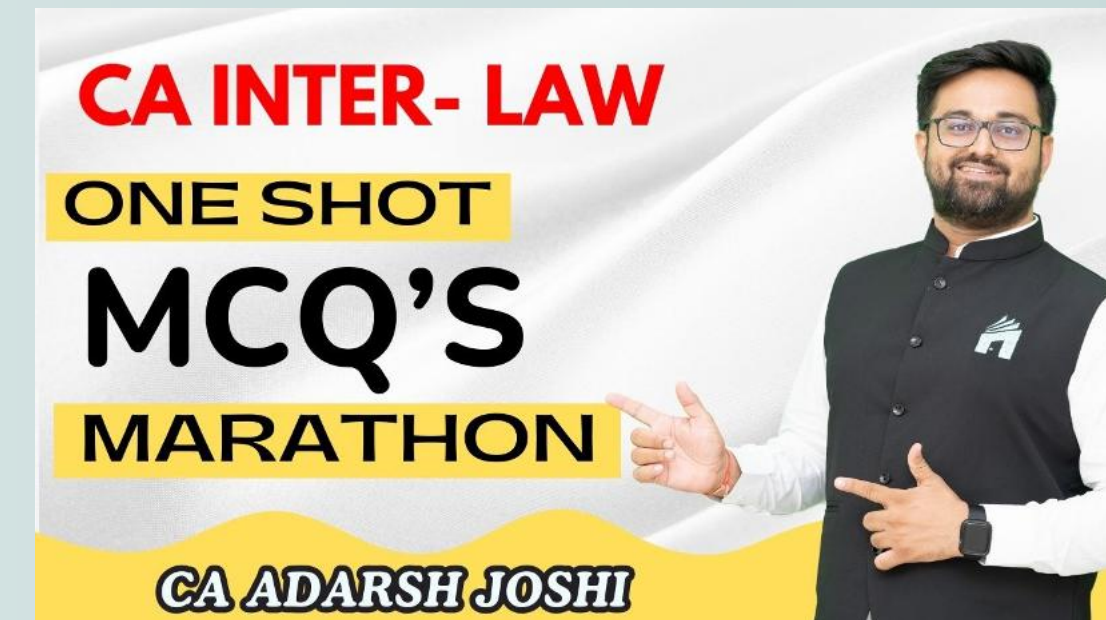
CA INTERMEDIATE MAY 25

Marathons Live Streams



RRR - Result Oriented Rapid Revision

Most Imp Questions



One Shot MCQ's Marathon

Super Chart Revision









Amendments Ki Pathshala

20 -20 Series

CA INTERMEDIATE MAY 25

Marathons Schedule With Links

DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
17/4/2025	8.00 AM	CA ADARSH JOSHI	LAW	RRR	
18/4/2025	12.00 NOON	CA TUSHAR TAPARIA	GST	RRR	
19/4/2025	8.00 AM	CA CS DARSHAN JAIN	FM	RRR	
20/4/2025	8.00 AM	CA ADARSH JOSHI	LAW	ONE SHOT MCQ MARATHON	
21/4/2025	2.00 PM	CA TUSHAR TAPARIA	GST	GST AMENDMENTS & ITS IMPORTANT QUESTIONS	
23/4/2025	8.00 AM	CA CS DARSHAN JAIN	FM	ONE SHOT MCQ MARATHON	

DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
24/4/2025	2.00 PM	CA TUSHAR TAPARIA	DT	DT AMENDMENTS & ITS IMPORTANT QUESTIONS	
27/4/2025	8.00 AM	CA CS DARSHAN JAIN	SM	ONE SHOT MCQ MARATHON	
4/5/2025	8.00 AM	CA ADARSH JOSHI	LAW	MOST IMPORTANT QUESTIONS	
6/5/2025	3.00 PM	CA TUSHAR TAPARIA	TAXATION	20-20	
12/5/2025	8.00 AM	CA CS DARSHAN JAIN	FM	20-20	
13/5/2025	8.00 AM	CA CS DARSHAN JAIN	SM	SUPER CHART REVISION	

STRATEGIC ANALYSIS

-

EXTERNAL ENVIRONMENT

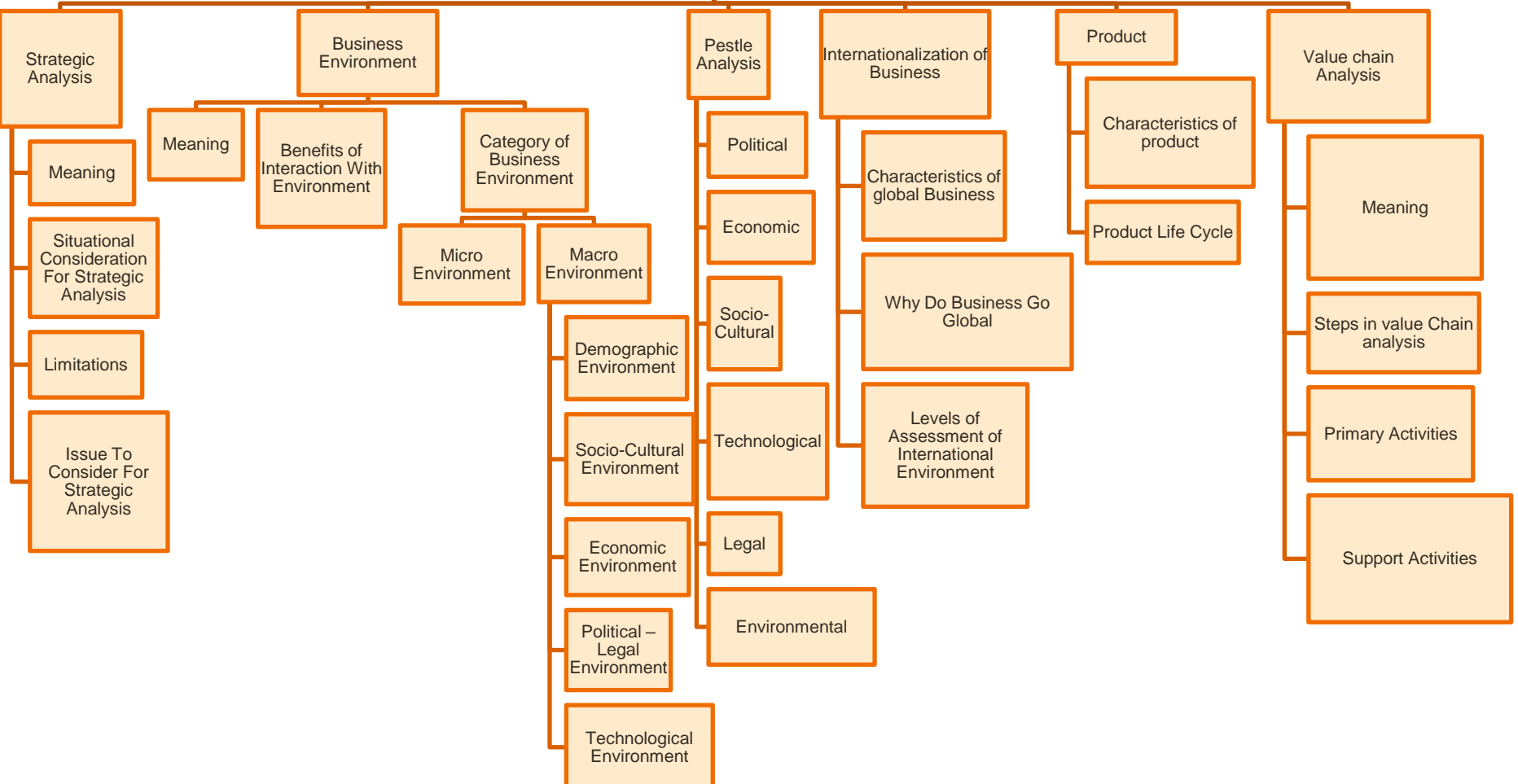
WEIGHTAGE ANALYSIS

SR.NO	NAME OF TOPIC	May 18	Nov 18	May 19	Nov 19	Nov 20	Jan 21	Jul 21	Dec 21	May 22	Nov 22	May 23	Nov 23	May 24
1	INTRODUCTION TO SM	9	9	10	5	5	5	5	5		10	5	10	10
2	STRATEGIC ANALYSIS – EXTERNAL ENVIRONMENT	7	5	5	10	5		10	5	5		5	10	10
3	STRATEGIC ANALYSIS – INTERNAL ENVIRONMENT	14	7	5	3	5	15	5	10	5	10	5		10
4	STRATEGIC CHOICES	7	6	5	10	5	5	5	10	10	5	5	10	10
5	STRATEGY IMPLEMENTATION & EVALUATION	15	19	11	5	10	20		15	15	10	25		10
6	MCQ'S	-	-	15	15	15	15	15	15	15	15	15	15	15
	TOTAL	52	46	51	48	45	60	40	60	50	50	60	45	65

BIRDS EYE VIEW



Strategic Analysis – External Environment



Strategic Analysis – External Environment

Industry Environment Analysis

Porters Five Forces Model

Factors to decide Attractiveness Of Industry

Experience Curve

Value Creation

Market & Customer

Competitive Strategy

Rival Sellers

Threat of New Entrants

Substitute products

Supplier Bargaining Power

Buyer Bargaining Power

Market

Customer

Customer Analysis

Customer Behavior

Competitive Landscape

Key Success factors

INTRODUCTION

- ❑ There are different kinds of business activities that take place in an organisational setting, and a brief look into their world reflects a wide variety of organisations ranging from small local businesses to international or multinational corporations .
- ❑ Generally, organisations are distinguished based on their size, type of products, markets, geographical coverage, legal status etc because of vast organisational diversity.
- ❑ Whatever their size or other distinguishing feature they do not operate in a vacuum. They continuously act and react to what happens outside their periphery. The factors that are outside the business operations are typically referred to as business environment
- ❑ Business environment may be defined as a set of all external factors that weigh in the minds of the managers During Formulation of Strategy.

STRATEGIC ANALYSIS

1. Strategic analysis is a process that involves researching an organization's business environment with in which it operates.
2. The Two Most Important Situational Consideration for Strategic Analysis are -
 - a) Industry & Competitive Conditions.
 - b) The Company's Own Capabilities , Resources , Internal Strengths , Weaknesses , & market position.
3. Its objective is to compile information about internal and external environments in order to assess possibilities while formulating strategy and contemplating strategic activities.
4. Environmental scanning is a natural and continuous activity for every business & A systematic approach to environmental assessment is essential for managing risk and uncertainty.
5. The strategic analysis is a component of business planning that has a methodical approach, makes the right resource investments, and may assist business in achieving its objective. It forces to think about the rivals and aids in the evaluation of business plans to stay ahead of the competition.

6. The strategic analysis is a continuous process which is not without limitations. The Two Major Limitations of Strategic Analysis are -

- a) It gives a lot of innovative options but doesn't tell which one to pick. The options can be overlapping, confusing or difficult to implement
- b) It can be time - consuming at times, hurting overall organisational functioning and also strain other efficient innovations such as developing a new product or a service.



ISSUES TO CONSIDER FOR STRATEGIC ANALYSIS

1. Strategy evolves over a period of time

- A key element of strategic analysis is the probable outcomes of everyday decisions. A current strategy is the result of several little choices taken over a protracted period of time.
- A management radically changes strategy when they try to speed up the organisational growth. Strategy is influenced by experience, but it has to be updated when the results become clear. It therefore evolves with time.

2. Balance of external and internal factors

- In practise, strategic analysis necessitates creating a reasonable balance between many and conflicting challenges, because a perfect fit between them is unlikely.
- Management must consider opportunities, influences and constraints while taking a strategic decision.
- These Constraints will have various implications on the kind, degree, volume, and significance of the impact. While some of these aspects are under your control, there will be others way beyond the existing capabilities.

3. Risk

- The complexity and intermingling of variables in the environment reduces the strategic balance in the organisation. Competitive markets, liberalization, globalization, booms, recessions, technological advancements, inter-country relationships all affect businesses and pose risk at varying degrees.
- An important aspect of strategic analysis is to identify potential imbalances or risks and assess their consequences.
- A broad classification of the strategic risk that requires consideration in strategic analysis is given below:

Time

	Short Time	Long Time
External	Errors in interpreting the environment cause strategic failure	Changes in the environment lead to obsolescence of strategy.
Internal	Organizational capacity is unable to cope up with strategic demands.	Inconsistencies with the strategy are developed on account of changes in internal capacities and preferences

- External risk is on account of inconsistencies between strategies and the forces in the environment.
- Internal risk occurs on account of forces that are either within the organization or are directly interacting with the organization on a routine basis.

Strategic Analysis

External Analysis

Customer Analysis: Segments, motivations, unmet needs.

Competitor Analysis: Strategic groups, performance, objectives, strategies, culture, cost structure.

Market Analysis: Size, growth, profitability, entry barriers.

Environmental Analysis: Technological, government, economic, cultural, demographic.

Internal Analysis

Performance Analysis: Profitability, sales, customer satisfaction, product quality, relative cost, new products, human resources.

Determinants Analysis: Past and current strategies, strategic problems, organizational Capabilities and constraints, financial resources, strengths, and weaknesses.

Opportunities, threats, trends,
and
Strategic uncertainties

Strategic strengths, weaknesses,
problems, constraints, and
uncertainties

Strategy Identification & Selection

- ◆ Identify strategic alternatives
- ◆ Select strategy
- ◆ Implement the operating plan
- ◆ Review strategies

STRATEGY & BUSINESS ENVIRONMENT

- ❑ The term "business environment" refers to all external factors, influences, or situations that in some way affect business decisions, plans, and operations. Organisational success is determined by its business environment, and even more from its relationship with it.
- ❑ To flourish, a business must be aware of, assess, and respond to the many opportunities and threats present in its environment. In order to succeed, the business must not only be aware of the numerous aspects of its surroundings but also be able to handle and adapt to them. The business must continuously evaluate its environment and modify its operations in order to thrive and expand.
- ❑ The business environment is highly dynamic and continuously evolving. Strategists provide an interface between the organizational abilities and the opportunities and challenges it must deal within the larger environment.

IMPORTANCE/BENEFITS OF INTERACTION WITH ENVIRONMENT

- 1. Determine opportunities and threats:** The interaction between the business and its environment would explain opportunities and threats to the business. It helps to find new needs and wants of the consumers, changes in laws, changes in social behaviours, and tells what new products the competitors are bringing in the market to attract consumers.
- 2. Give direction for growth:** The interaction with the environment enables the business to identify the areas for growth and expansion of their activities. Once the business is aware and understands the changes happening around, it can plan and strategise to have successful business
- 3. Continuous Learning:** The managers are motivated to continuously update their knowledge, understanding and skills to meet the predicted changes in the realm of business.

4. Image Building: Environmental understanding helps the business organizations to improve their image by showing their sensitivity to the environment in which they operate.

For example, in view of the shortage of power, many companies have set up captive power plants with their factories to meet their own requirement of power as well as extend surplus capacities in the vicinity. Understanding the needs of the environment help to showcase that the business is aware and responsive to the needs. It creates a positive image and helps it to prosper and win over the competitors.

5. Meeting Competition: It helps the businesses to analyse the competitors' strategies and formulate their own strategies accordingly. The idea is to flourish and beat competition for its products and services.

MICRO & MACRO ENVIRONMENT

- ❑ The environment in which an organization exists can be described in terms of the opportunities and threats operating in the external environment apart from the strengths and weaknesses existing in the internal environment.

- ❑ **The external environment can be categorised in two major types as follows:**
 - ◆ Micro environment
 - ◆ Macro environment

- ❑ Business strategists should always be adequately informed on developments occurring in their company, its industry, and within micro and macro environment of business.



MICRO ENVIRONMENT

- ❑ Micro-environment is related to small area or immediate periphery of an organization.
- ❑ It influences an organization regularly and directly.
- ❑ Micro environment consists of suppliers, consumers, marketing intermediaries, competitors, etc. These are specific to the said business or firm and affect its working on a direct and regular basis.
- ❑ The Following issues needs to be addressed in Micro Environment
 - ◆ The employees of the firm, their characteristics and how they are organized.
 - ◆ The existing customer base on which the firm relies for business.
 - ◆ The ways in which the firm can raise its finance.
 - ◆ Who are the firm suppliers and how are the links between the two being developed?
 - ◆ The local community within which the firm operates.
 - ◆ The direct competition and their comparative performance.

MACRO ENVIRONMENT

- ❑ Macro environment has broader dimensions as it consists of economic, socio-cultural, technological, political and legal factors.
- ❑ The macro environment is the portion of the outside world that significantly affects how an organisation operates but is typically much beyond its direct control and influence.

ELEMENTS OF MACRO ENVIRONMENT

- 1. Demographic Environment**
- 2. Socio-Cultural Environment**
- 3. Economic Environment**
- 4. Political-Legal Environment**
- 5. Technological Environment**

DEMOGRAPHIC ENVIRONMENT

- ❑ Demographics are the characteristics of a population that have been classified and according to certain criteria like race, age, income, education, possession of assets, house ownership, job position, region, in order to understand the features of a specific group.
- ❑ Data about these qualities across homes and within a demographic variable are of importance to both businesses and economists. Marketers and other social scientists regularly divide up populations based on their demographic makeup.
- ❑ Considering demographics is of immense importance for any business. Business Organizations need to study different demographic factors. Particularly, they need to address following issues:
 - ◆ What demographic trends will affect the market size of the industry?
 - ◆ What demographic trends represent opportunities or threats?
- ❑ The size, age distribution, geographic dispersion, ethnic mix, and income distribution of a population are all of great importance to the organisation.
- ❑ Identifying the implications of changing demographic characteristics or population components for a future strategic competitiveness is often a challenge for strategists.

SOCIO CULTURAL ENVIRONMENT

- ❑ It represents a complex group of factors such as social traditions, values and beliefs, level and standards of literacy, the ethical standards and state of society, the extent of social stratification, conflict, cohesiveness and so forth.
- ❑ It differs from demographics in the sense that it is not the characteristics of the population, but it is the behaviour and the belief system of that population.
- ❑ Socio-cultural environment consists of factors related to human relationships and the impact of social attitudes and cultural values which has bearing on the operations of the organization.
- ❑ The beliefs, values and norms of a society determine how individuals and organizations should be interrelated. The core beliefs of a particular society tend to be persistent. It is difficult for a business to change these core values, which becomes a determinant of its functioning. This means, that businesses have to adjust to social norms and beliefs to operate successfully.
- ❑ The social environment primarily affects the strategic management process within the organization in the areas of mission and objective setting, and decisions related to products and markets.

ECONOMIC ENVIRONMENT

- ❑ The economic environment refers to the overall economic situation around the business and include conditions at the regional, national and global levels. It encompasses conditions in the markets for resources that have an effect on the supply of inputs and outputs of the business, their costs, and the dependability, quality, and availability.
- ❑ Economic environment determines the strength and size of the market.
- ❑ The purchasing power in an economy depends on current income, prices, savings, circulation of money, debt and credit availability. Income distribution pattern determine the business possibilities.
- ❑ The important point to consider is to find out the effect of economic prospect, growth and inflation on the operations of the business.
- ❑ The economic conditions of a nation refer to a set of economic factors that have great influence on business organizations and their operations. These include gross domestic product, per capita income, markets for goods and services, availability of capital, foreign exchange reserve, growth of foreign trade, strength of capital market, interest rates, disposable income, unemployment, inflation, etc. All these factors generally tell the state of the economy. Whether it is doing good or is it performing poorly.

- ❑ Example - Higher interest rates are detrimental for the businesses with high debt. In the real estate market, they reduce the capability of the prospective buyers to avail loan and pay instalments, thus lower the demand.

POLITICAL LEGAL ENVIRONMENT

- ❑ Political-legal environment takes into account elements like the general level of political development, the degree to which business and economic issues have been politicised, the degree of political morality, the state of law and order, political stability, the political ideology and practises of the ruling party, the effectiveness and purposefulness of governmental agencies, and the scope and type of governmental intervention in the economy and industry.
- ❑ Business is highly guided and controlled by government policies. Hence the type of government running a country is a powerful influence on business. A business has to consider the changes in the regulatory framework and their impact on the business. Taxes and duties are other critical areas that may be levied and affect the business.
- ❑ Businesses prefer to operate in a country where there is a sound legal system. However, in any country , businesses must have a good working knowledge of the major laws protecting consumers, competitions and organizations. Businesses must understand the relevant laws relating to companies, competition, intellectual property, foreign exchange, labour and so on

TECHNOLOGICAL ENVIRONMENT

- ❑ A highly important factor in the present times is technology. Technology has changed the way people communicate and do things. Technology has also changed the ways of how businesses operate now. Technology and business are linked and are interdependent on one another. Businesses help society access the outcomes of technological research and development, raising everyone's standard of living. As a result, business leverages technology. Businesses use new discoveries to adapt themselves for the advancement of society.
- ❑ Technology has impacted on how businesses are conducted. With use of technology, many organisations are able to reduce paperwork, schedule payments more efficiently, are able to coordinate inventories efficiently and effectively. This helps to reduce costs of companies, and shrink time and distance, thus, capturing a competitive advantage for the company
- ❑ Technology is leading to many new business opportunities as well as making obsolete most of the existing business products and services.
- ❑ Technology can act as opportunity, when a business effectively adopts technological innovations to their strategic advantage. However, at the same time technology can act as a threat too. Artificial intelligence, machine learning, robotic process automation is some of the new technological tools that businesses are adopting and can act as both opportunity and threat to a business.

PESTLE ANALYSIS

PESTLE analysis involves identifying the political, economic, socio-cultural, technological, legal and environmental influences on an organization and providing a way of scanning the environmental influences that have affected or are likely to affect an organization or its policy.

The PESTLE analysis is simple to understand and quick to implement. The advantage of this tool is that it encourages management into proactive and structured thinking in its decision making.

P- political

E- economic

S- socio-cultural

T- technological

L- legal

E- environmental

Political	Economic
<ul style="list-style-type: none">◆ Political stability◆ Political principles and ideologies◆ Current and future taxation policy◆ Regulatory bodies and processes◆ Government policies◆ Government term and change◆ Thrust areas of political leaders	<ul style="list-style-type: none">◆ Economy situation and trends◆ Market and trade cycles◆ Specific industry factors◆ Customer/end-user drivers◆ Interest and exchange rates◆ Inflation and unemployment◆ Strength of consumer spending
Social	Technological
<ul style="list-style-type: none">◆ Lifestyle trends◆ Demographics◆ Consumer attitudes and opinions◆ Brand, company, technology image◆ Consumer buying patterns◆ Ethnic/religious factors◆ Media views and perception	<ul style="list-style-type: none">◆ Replacement technology/solutions◆ Maturity of technology◆ Manufacturing maturity and capacity◆ Innovation potential◆ Technology access, licensing, patents, property rights and copyrights
Legal	Environmental
<ul style="list-style-type: none">◆ Business and Corporate Laws◆ Employment Law◆ Competition Law◆ Health & Safety Law◆ International Treaty and Law◆ Regional Legislation	<ul style="list-style-type: none">◆ Ecological/environmental issues◆ Environmental hazards◆ Environmental legislation◆ Energy consumption◆ Waste disposal

ELEMENTS OF PESTLE ANALYSIS

- ◆ **Political factors** are how and to what extent the government intervenes in the economy and the activities of business firms. Political factors may also influence goods and services which the government wants to provide or be provided and those that the government does not want to be provided. Furthermore, governments have great influence on the health, education and infrastructure of a nation.
- ◆ **Economic factors** have major impacts on how businesses operate and take decisions. **For example**, interest rates affect a firm's cost of capital and therefore to what extent a business grows and expands. Exchange rates affect the costs of exporting goods and the supply and price of imported goods in an economy. The money supply, inflation, credit flow, per capita income, growth rates have a bearing on the business decisions.
- ◆ **Social factors** affect the demand for a company's products and how that company operates.
- ◆ **Technological factors** can determine barriers to entry, minimum efficient production level and influence outsourcing decisions. Furthermore, technological shifts can affect costs, quality, and lead to innovation.

- ◆ **Legal factors** affect how a company operates, its costs, and the demand for its products, ease of business.
- ◆ **Environmental factors** affect industries such as tourism, farming, and insurance. Growing awareness to climate change is affecting how companies operate and the products they offer--it is both creating new markets and diminishing or destroying existing ones

INTERNATIONALISATION OF BUSINESS

- ❑ Internationalization has emerged as the dominant commercial trend over the last couple of decades. It enables a business to enter new markets in search of greater earnings and less expensive resources. Additionally, expanding internationally enable a business to achieve greater economies of scale and extend the lifespan of its products.
- ❑ The strategic-management process is essentially the same for global firms as it is for domestic firms; nevertheless, international processes are much more complicated due to additional variables and linkages.
- ❑ A business can approach internationalisation systemically with the aid of international strategy planning. One method for an organization to identify opportunities and threats in global markets is by scanning the external environment.
- ❑ The development of effective strategies and the formulation of global strategic objectives are made feasible by internationalisation.

CHARACTERISTICS OF GLOBAL BUSINESS

- ◆ It is a conglomerate of multiple units (located in different parts of the globe) but all linked by common ownership.
- ◆ Multiple units draw on a common pool of resources, such as money, credit, information, patents, trade names and control systems.
- ◆ The units respond to some common strategy. Besides, its managers and shareholders are also based in different nations.

WHY DO BUSINESS GO GLOBAL

- ◆ The first and foremost reason is the **need to grow**. It is basic need of every organisation. Often finding opportunities in the other parts of the globe, organisations extend their businesses and globalise their operations.
- ◆ There is **rapid shrinking of time and distance** across the globe, because of faster communication, speedier transportation, growing financial flow of funds and rapid technological changes.
- ◆ It is being realised that the **domestic markets are no longer adequate**. The competition present domestically may not exist in some of the international markets.
- ◆ There can be varied other reasons such as need for **reliable or cheaper source of raw-materials, cheap labour, etc**. Many foreign businesses shift and set up some of their operations to take advantage of availability of vast pool of talent.
- ◆ Companies often set up overseas plants to **reduce high transportation costs**. It may be cheaper to produce near the market to reduce the time and costs involved in transportation.
- ◆ When exporting organisations find **Opportunity in foreign markets** to open up or grow big, they may naturally look at overseas manufacturing plants and sales branches to generate higher sales and better cash flow.
- ◆ The **rise of service oriented jobs** has created a huge market due to globalization.
- ◆ The **trade tariffs and custom barriers are getting lowered**, resulting in increased flow of business.

INTERNATIONAL ENVIRONMENT

- ❑ The social, cultural, demographic, environmental, political, governmental, legal, technological factors that an international organisation faces are nearly limitless, and the number and complexity of these factors increase manifold as the number of products produced and geographic areas served increase.
- ❑ An assessment of the external environment is the first step toward internationalisation. Analysing international environment is important since it allows organisation to discover opportunities in the global market and evaluate feasibilities of capitalising on these opportunities.
- ❑ International environment has become an inherent part of strategic management for businesses of all sizes with global interests. It essentially involves various global aspects like political risks, cultural differences, exchange rate fluctuations, legal compliances and taxation issues.
- ❑ Assessments of the international environment can be done at three levels:
 1. Multinational
 2. Regional
 3. Country.

Multinational Environmental Analysis

- It Involves identifying, anticipating, and monitoring significant components of the **global environment** on a large scale.
- Governments may have free or interventionist tendencies in economies that needs to be carefully considered.

Regional Environmental Analysis

- It is a more in-depth evaluation of the critical factors in a **specific geographical area**.
- The emphasis would be on discovering market opportunities for a goods, services, or innovations in the chosen location.

Country Environmental Analysis

- It Involves Study of economic, legal, political, and cultural dimensions for **each of the countries** to develop effective market entrance strategies.

PRODUCT

Businesses sell products. A product can be either a good or a service. It might be physical good or a service, an experience

Goods and
Services



CHARACTERISTICS OF PRODUCT

1. Products are either tangible or intangible

- A tangible product can be handled, seen, and physically felt, such as a car, book, pen, table, mobile handset and so on.
- A intangible product is not a physical good, such as telecom services, banking, insurance, or repair services.

2. Product has a price

- Businesses determine the cost of their products and charge a price for them.
- The dynamics of supply and demand influence the market price of an item or service , The market price is the price at which quantity provided equals quantity desired.
- The price that may be paid is determined by the market, the quality, the marketing, and the targeted group.
- In the present competitive world price is often given by the market and businesses have to work on costs to maintain profitability.

3. Products have certain features that deliver satisfaction

- A product feature is a component of a product that satisfies a consumer need.
- Features determine product pricing, and businesses alter features during the development process to optimise the user experience.
- Products should be able to provide value satisfaction to the customers for whom they are meant. Features of the product will distinguish it in terms of its function, design, quality and experience.
- A customer's cumulative experience with a product from its purchase to the end of its useful life is an important component of a product feature

4. Product is pivotal for business

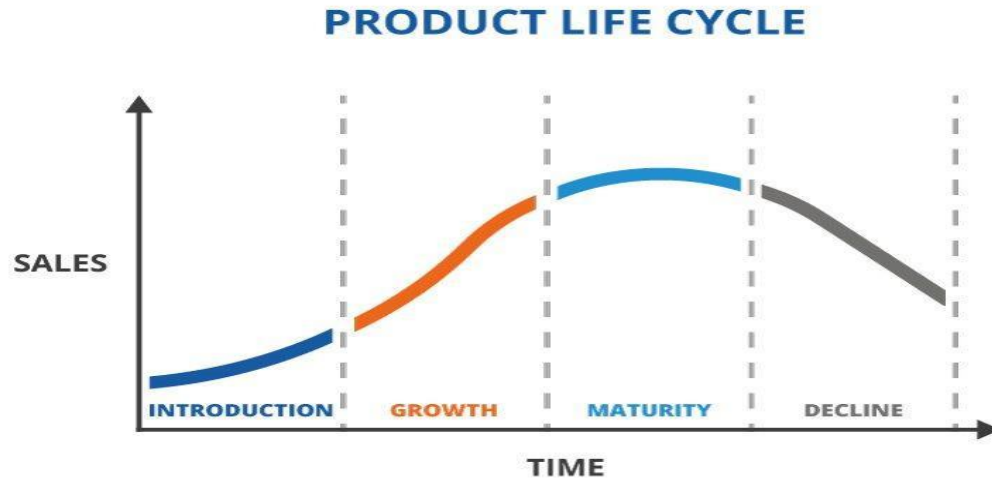
- The product is at the centre of business around which all strategic activities revolve.
- The product enables production, quality, sales, marketing, logistics and other business processes.
- Product is the driving force behind business activities.

5. A product has a useful life

- Every product has a usable life after which it must be replaced, as well as a life cycle after which it is to be reinvented or may cease to exist.
- We have observed that fixed line telephone instruments have largely been replaced by mobile phones.

PRODUCT LIFE CYCLE

- ❑ It is a useful concept for guiding strategic choice. Essentially, PLC is an S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages of introduction, growth, maturity and decline.
- ❑ The main advantage of PLC approach is that it can be used to diagnose a portfolio of products (or businesses) in order to establish the stage at which each of them exists.



PHASE	INTRODUCTION	GROWTH	MATURITY	DECLINE
Sales Volume	Low	Rise in sales Level at Increasing Rates	Rise in Sales Level at Decreasing Rates	Sales Level off & Then Start Decreasing
Price of Products	High	High (May Fall Due to Competition)	Price Falls Closer To Cost	Price Falls Further
Competition	Negligible	Increases	Tough Competition	Decreases , Due to Withdrawal of product
Profits	Nil , Due to heavy Initial Cost	Increases at a Rapid pace	Normal Profits	Declining profits
Market Position	Market is Limited	Market Expands	Market Stabilizes	Market on the verge of Disappearing
Action Plan	Expansion	Expansion	May be used as Source of Cash For Investment in Other Business	Selective Harvesting , Retrenchment Etc

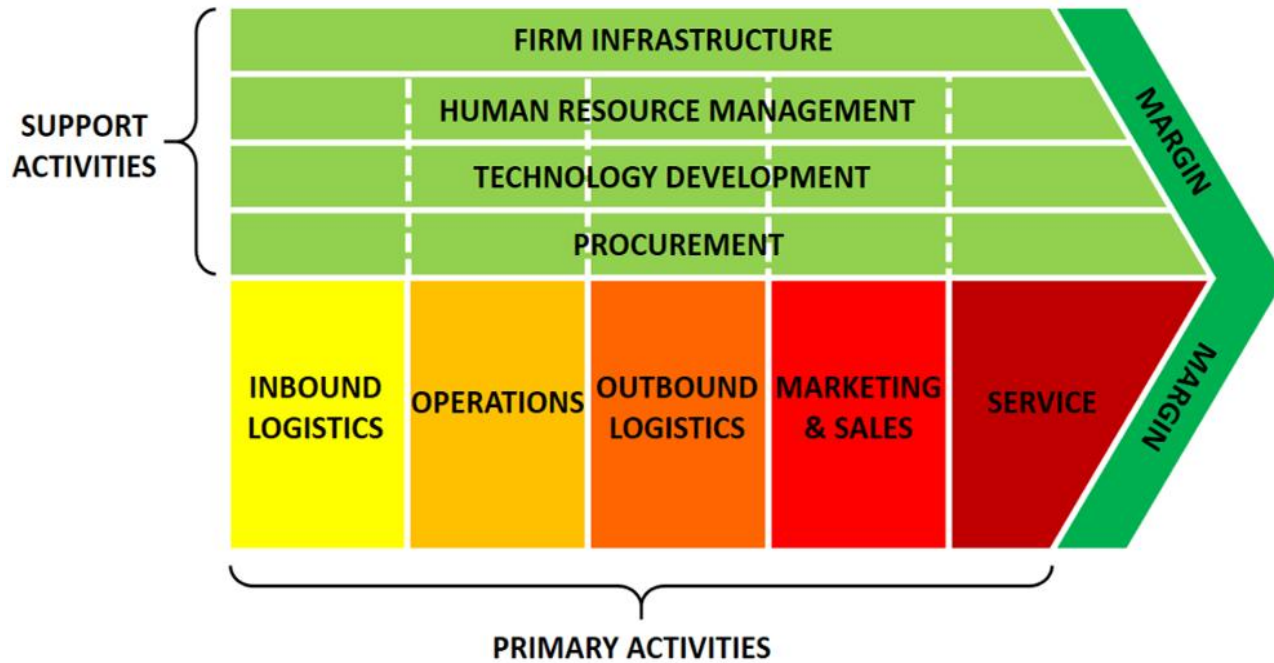
VALUE CHAIN ANALYSIS

- ❑ Value chain analysis is a method of examining each activity in value chain of a business in order to identify areas for improvements. Value Chain Analysis is a assessment of Business's Ability to provide Value for Money products or services.

- ❑ According To Micheal Porter , The two Basic Steps of VCA are
 - a) Identifying Separate Activities
 - b) Assessing The Value Added From Each & Linking them into an Analysis of the Firm's Competitive Advantage.

- ❑ One of the key aspects of value chain analysis is the recognition that organizations are much more than a random collection of machines, material, money and people. These resources are of no value unless deployed into activities and organised into systems and routines which ensure that products or services are produced which are valued by the final consumer/user.

- ❑ It is these competences to perform particular activities and the ability to manage linkages between activities , which are the source of competitive advantage for organizations. Porter argued that an understanding of strategic capability must start with an identification of these separate value activities.



PRIMARY ACTIVITIES OF ORGANISATION

- ◆ **Inbound logistics** i.e activities concerned with receiving, storing and distributing the inputs to the product/service. This includes materials handling, stock control, transport etc. Like, transportation and warehousing.
- ◆ **Operations** i.e Activities that transform these inputs into the final product or service like machining, packaging, assembly, testing, etc.
- ◆ **Outbound logistics** i.e activities that collect, store and distribute the product to customers. For tangible products this would be warehousing, materials handling, transport, etc. In the case of services, it may be more concerned with arrangements for bringing customers to the service, if it is a fixed location (e.g. sports events).
- ◆ **Marketing and sales** i.e activities that provide the means whereby consumers/users are made aware of the product/service and are able to purchase it. This would include sales administration, advertising, selling and so on. In public services, communication networks which help users' access a particular service are often important.
- ◆ **Service** i.e activities, which enhance or maintain the value of a product/service, such as installation, repair, training and spares.

SUPPORT ACTIVITIES RELATED TO PRIMARY ACTIVITIES OF ORGANISATION

- ◆ **Procurement:** Purchasing of Raw Materials ,Supplies & other Consumable items as well as assets.
- ◆ **Technology development:** Know How procedures & technological inputs needed in every value chain activity
- ◆ **Human resource management:** Selection, promotion & placement , appraisal , rewards , management development & labour/employee relations.
- ◆ **Infrastructure:** General management , Planning , Finance & Accounting , Legal , Government affairs & quality management.

INDUSTRY ENVIRONMENT ANALYSIS

- ❑ The goal of the industry environment analysis, which is typically an important step of strategic analysis, is to estimate the amount of competitive pressures the business is presently facing and is expected to face in the near future.
- ❑ Industry analysis enable strategic understanding about the entire state of any industry and make decisions about whether the industry is a lucrative or not.
- ❑ Industry Environment Analysis provides insight into a wide range of elements within and outside the business , Analysing these elements enhances knowledge of surrounding and serves as the foundation for aligning strategy with changing industry circumstances and realities.

PORTERS FIVE FORCES MODEL

- ❑ Porter's , Five forces Model It is a powerful and widely used tool to systematically diagnose the significant competitive pressures in a market and assess the strength and importance of each. The Five Forces Together Determine industry attractiveness /profitability.
- ❑ This model holds that the state of competition in an industry is a composite of competitive pressures operating in five areas of the overall market :
 - a) Competitive pressures associated with the market manoeuvring and jockeying for buyer patronage that goes on among **rival sellers** in the industry.
 - b) Competitive pressures associated with the **threat of new entrants** into the market.
 - c) Competitive pressures coming from the attempts of companies in other industries to win buyers over to their own **substitute products**.
 - d) Competitive pressures stemming from **supplier bargaining power** and supplier-seller collaboration.
 - e) Competitive pressures stemming from **buyer bargaining power** and seller-buyer Collaboration.
- ❑ Porter's five forces model is one of the most effective and enduring conceptual frameworks used to assess the nature of the competitive environment and to describe an industry's structure

- ❑ The interrelationship among these five forces gives each industry its own particular competitive environment. By applying Porter's five forces model of industry attractiveness to their own industries, the manager can gauge their own firm's strengths, weaknesses, and future opportunities.
- ❑ The five forces together determine industry attractiveness/ profitability. This is so because these forces influence the causes that underlie industry attractiveness/ profitability. The collective strength of these five competitive forces determines the scope to earn attractive profits. The strength of the forces may vary from industry to industry

STEPS TO DETERMINE COMPETITION IN INDUSTRY

Step 1: Identify the specific competitive pressures associated with each of the five forces.

Step 2: Evaluate how strong the pressures comprising each of the five forces are (fierce, strong, moderate to normal, or weak).

Step 3: Determine whether the collective strength of the five competitive forces is conducive to earning attractive profits.

FIVE FORCES OF PORTER'S FIVE FORCES MODEL



RIVAL SELLERS

Competitors influence Prices as well as the Costs of competing in the industry, in production facilities, product development, advertising, sales force, etc. The impact of Rivalry in the Industry is summarised below -

Aspect	High Rivalry leading to Low Profitability if -	Low Rivalry leading to Higher Profitability if-
Industry Leader	No clear leader in the industry leads to Price Wars amongst competing Firms, each trying to increase its own Buyer base.	Presence of a strong Industry Leader discourages Price Wars, since smaller Firms know that they cannot match the leader, avoid initiating such Price Wars.
Number of Competitors	Higher the number of Competitors operating in the industry, the higher the extent of rivalry.	Less number of Competitors in the Industry, leads to lower extent of rivalry.
Level of Fixed Costs	Profits are usually low in industries with high Fixed Costs, as Firms utilize their entire production capacity, and cut prices to sell the products.	Low Fixed Costs gives more leverage for Firms to reduce output in case of low demand. Hence, there is no tendency to produce more output and cut prices to sell it.
Exit Barriers	When there are strong Exit Barriers, Firms do not leave the industry. Their continued presence in the industry increases the level of rivalry.	When there are no Exit Barriers, closure / withdrawal of Firms, decreases the level of rivalry.
Product Differentiation	If Firms deal in undifferentiated products and services, the profitability is usually low, since each Firm fights for survival in the marketplace.	If Firms can protect themselves by differentiating their products from Rivals, there is no loss of Customer Base, and hence Rivalry is comparatively lower.
Growth Rate	If Industry Growth Rate reduces, there is intense rivalry to get more market share of the dwindling Demand This leads to lower profitability.	If Growth Rate of the Industry is higher, there is more demand and higher Market Size. The intensity of competition is comparatively lower.

THREAT OF NEW ENTRANTS

New Entrants provide competition in the form of - (a) more capacity, (b) new product version / range, and (c) lower prices and cheaper substitutes. The threat of new Entrants will be reduced, if there are Barriers to Entry in the Industry. The impact of Barriers to Entry is summarised below -

Aspect	Strong Competitive Force (Low Profits), if-	Weak Competitive Force (High Profits), if-
Capital Investment	If a new Firm can be set up with minimal Capital Investment, it increases the number of New Entrants, leading to higher competition.	If huge amount of investment is required of to set up a New Firm, there is a barrier to entry. Hence, Profits of existing Firms are not reduced.
Economies of Scale	If the industry deals in products with low volume and high margins, New Firms can easily enter the industry. This affects the profits of existing Firms which have invested huge amounts.	If the industry deals in High Volume-Low Margin products, New Firms will hesitate to enter since it will take time for them to achieve high levels of output, and economies of scale.
Product Differentiation	If products and services can be differentiated easily, New Firms can enter easily, causing more competition and lower profits.	If New Firms have to spend substantially to create product differentiation, there is a barrier to entry. Existing Firms continue to earn higher profits.
Switching Cost for Buyer	If a Buyer can easily switch over from one Seller to another (e.g. Tooth Brush) at low cost, New Firms are attracted to enter the market.	If Buyer has higher costs of switching over from one Seller to another (e.g. Change in Operating System of Computers), this acts as an Entry Barrier for new Firms.
Brand Identity	If the impact of Brand on Buyer behaviour is less, new Firms which do not have any Brand Identity initially, can easily enter the market, leading to higher competition.	If buying preferences are heavily inclined towards Branded Products, it constitutes an Entry Barrier for New Firms who do not have Brand Advantage. This increases the profits of the existing Firms.
Access To Distribution Channels	If Distribution Channels in the industry are easily accessible to New Firms also, it attracts more competition, leading to lower profits of Firms.	If existing Firms in the Industry have full control over the Distribution Network and New Firms have difficulty of access thereto, it acts as an Entry Barrier.
Possibility of aggressive retaliation	If New Firms are not affected by Price Reduction measures of existing Firms, it increases the element of competition, and thus lower profits.	If existing Firms can react aggressively to the entry of a New Firm (e.g. by drastic reduction of prices, new product version, etc.), it acts as an Entry Barrier.

SUBSTITUTE PRODUCTS

- A. Substitute Products are a latent/ indirect source of competition in an industry.
- B. Substitute Products offering a price advantage and/or performance improvement to the Consumer can significantly affect the competitive character of an industry.
- C. The impact of Substitutes on Competitive Force and Profitability is as under-

Aspect	Strong Competitive Force (Low Profits), if -	Weak Competitive Force (High Profits), if -
Factors	<ul style="list-style-type: none">• Products are easily differentiated• Production Technology is openly available,• Substitutes can be produced at lower costs.	<ul style="list-style-type: none">• Products cannot be easily differentiated,• Production Technology is protected by Rights,• Production of Substitutes involve high costs.

SUPPLIER BARGAINING POWER

Bargaining Power of Suppliers determines the Cost of Raw Materials and other inputs of the industry and, therefore, affects industry attractiveness and profitability. Suppliers exercise bargaining power over Companies through the specialised offering. The impact on Competition is as under-

Aspect	Strong Bargaining Power, if -	Weak Bargaining Power, if -
Factors	<ul style="list-style-type: none">• There are only a few Suppliers,• Raw Materials are crucial, and there are no Substitutes available,• There are high switching costs of moving from one Supplier to another,• Suppliers are more concentrated than Buyers.	<ul style="list-style-type: none">• There are many Suppliers,• There are many Substitute Materials available,• There are minimal switching costs of moving from one Supplier to another,• There is competition amongst Suppliers to cater to Buyer needs and maintain their Customers.

BUYER BARGAINING POWER

- a) On account of competition, Users of industrial products may come together formally or informally, and exert pressure on the Producer in matters such as price, quality, and delivery.
- b) Bargaining Power of the Buyers influences - (i) product prices, and also (ii) costs and investments of the producer, because powerful Buyers usually bargain for better services which involve costs and investment on the part of the Producer.
- c) The impact of Customer/Buyer Bargaining Power is summarised below -

Aspect	Strong Bargaining Power, if-	Weak Bargaining Power, if -
Factors	<ul style="list-style-type: none">• Buyers have better market knowledge about Products, Substitutes, Prices, etc.• Buyers influence the industry's decision,• Buyers are more concentrated than Sellers,• There are minimal switching costs of moving from one Supplier to another.	<ul style="list-style-type: none">• Buyers do not have much information as to Products, Substitutes, Prices, etc.• Industry's decisions are not dependent on Buyer behaviour,• There are high switching costs of moving from one Supplier to another.

ATTRACTIVENESS OF INDUSTRY

- ❑ The industry analysis culminates into identification of various issues and draw conclusions about the relative attractiveness or unattractiveness of the industry, both near-term and long-term.
- ❑ Strategists assess the industry outlook carefully in deciding whether industry and competitive conditions present an attractive business opportunity for the organisation or whether its growth and profit prospects are gloomy. This is important because companies invest capital, either from the promoters or from the public and should be inherent careful in choosing an industry.
- ❑ As a general proposition, if an industry's overall profit prospects are above average, the industry can be considered attractive; if its profit prospects are below average, it is unattractive.
- ❑ However, it is a mistake to think of industries as being attractive or unattractive to all firms in the industry and all potential entrants. Attractiveness is relative, not absolute. Industry environments unattractive to weak competitors may be attractive to strong competitors.
- ❑ An assessment that the industry is fundamentally attractive typically suggests that current industry participants employ strategies calculated to strengthen their long- term competitive positions in the business, expanding sales efforts and investing in additional facilities and equipment as needed.

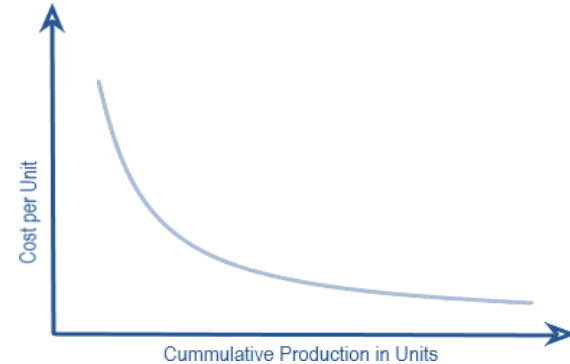
□ If the industry and competitive situation is judged relatively unattractive, more successful industry participants may choose to invest cautiously, look for ways to protect their long-term competitiveness and profitability, and perhaps acquire smaller firms if the price is right; over the longer term, strong companies may consider diversification into more attractive businesses. Weak companies in unattractive industries may consider merging with a rival to bolster market share and profitability or, alternatively, begin looking outside the industry for attractive diversification opportunities.

FACTORS TO DECIDE UPON ATTRACTIVENESS OF INDUSTRY

- ◆ The **industry's growth potential**, is it futuristically viable?
- ◆ Whether competition currently permits **adequate profitability**?
- ◆ Whether industry profitability will be **favourably or unfavourably affected by the prevailing driving forces**?
- ◆ The **competitive position** of an organisation in the industry and whether its position is likely to grow **stronger or weaker**.
- ◆ The **potential to capitalize on the vulnerabilities of weaker rivals** (perhaps converting an unattractive industry situation into a potentially rewarding company opportunity).
- ◆ Whether the company is able to **defend against or counteract the factors that make the industry unattractive**?
- ◆ The **degrees of risk and uncertainty** in the industry's future.
- ◆ The **severity of problems** confronting the industry as a whole.
- ◆ Whether **continued participation in this industry adds importantly to the firm's ability to be successful in other industries** in which it may have business interests?

EXPERIENCE CURVE

- ❑ Experience curve is based on the commonly observed phenomenon that unit costs decline as a firm accumulates experience in terms of a cumulative volume of production.
- ❑ The implication is that larger firms in an industry would tend to have lower unit costs as compared to those for smaller companies, thereby gaining a competitive cost advantage.
- ❑ Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.
- ❑ Experience curve has following features:
 - ◆ As business organisation grow, they gain experience.
 - ◆ Experience may provide an advantage over the competition. Experience is a key barrier to entry.
 - ◆ Large and successful organisation possess stronger “experience effect”.
 - ◆ As a business grows, it understands the complexities and benefits from its experiences.
- ❑ The concept of experience curve is relevant for a number of areas in strategic management. For instance, experience curve is considered a barrier for new firms contemplating entry in an industry & It is also used to build market share and discourage competition.



VALUE CREATION

- ❑ The concept of value creation was introduced primarily for providing products and services to the customers with more worth. Value is measured by a product's features, quality, availability, durability, performance and by its services for which customers are willing to pay.
- ❑ Value creation is an activity or performance by the firm to create value that increases the worth of goods, services, business processes or even the whole business system.
- ❑ Many businesses now focus on value creation both in the context of creating better value for customers purchasing its products and services, as well as for stakeholders in the business who want to see their investment in business appreciate in value. Ultimately, this concept gives business a competitive advantage in the industry and helps them earn above average profits/returns.
- ❑ Competitive advantage leads to superior profitability. At the most basic level, how profitable it may be, a company becomes depends on three factors:
 - (1) The value customers place on the company's products;
 - (2) The price that a company charges for its products; and
 - (3) The costs of creating those products.

- ❑ The value customers place on a product reflects the utility they get from a product—the happiness or satisfaction gained from consuming or owning the product. Utility must be distinguished from price. Utility is something that customers get from a product. It is a function of the attributes of the product, such as its performance, design, quality, and point-of-sale and after-sale service.
- ❑ Companies are ultimately aiming to achieve sustainable competitive advantage, which enables them to succeed in the long run. Michael Porter argues that a company can generate competitive advantage in two different ways, either through **differentiation** or **cost advantage**.
- ❑ According to Porter's, differentiation means the capability to provide customers superior and special value in the form of product's special features and quality or in the form of aftersales customer service. As a result of differentiation, a company can demand higher price for its products or services. A company will earn higher profits due to differentiation in case the expenses stay comparable to the costs of competitors.
- ❑ The above-mentioned differentiation and cost advantage will affect a company's ability to achieve competitive advantage, but there are many different organizational functions that will influence whether a company can achieve cost advantage or differentiation advantage.

- ❑ Michael Porter used the concept of value chain to explore closer different functions of the organisations and mutual interactions among those functions. Value chain analysis provides an excellent tool to examine the origin of competitive advantage. It divides the organisations into two different strategically important group of activities, namely, primary activities and supporting activities, which can help to comprehend the potential sources for differentiation and to understand an organisation's costs behaviour.
- ❑ It is basically the value consumer wants to pay, over and above the price that the business wants to charge from the consumer. This excess amount is called value creation, wherein the consumers value the product or service more than it actually costs them

MARKET & CUSTOMER

- ❑ A market is a place for interested parties, buyers and sellers, where items and services can be exchanged for a price. The market might be physical or Virtual.
- ❑ In addition to this broad definition, the term market can apply to a wide range of contexts. **For example**, it might be used to describe the stock exchange, where securities are traded. It may also refer to a group of individuals trying to buy a specific commodity or service in a specific place, such as grain or vegetable market where farmers come to sell their produce. It may also be used to define a business or industry, such as the global oil market.
- ❑ While the market is a place, business strategists work on marketing to improve the chances of success. The term "marketing" encompasses a wide range of operations, including research, designing, pricing, promotion, transportation, and distribution.
- ❑ Often market activities are categorised and explained in terms of four Ps of marketing – product, place, pricing, and promotion. These four kinds of marketing activities help marketers identify customer needs so they may meet their demands and deliver satisfaction. Delivering the best customer experience and establishing, maintaining, and growing relationships with customers are the main goals of marketing.

- ❑ The orientation of product marketing has evolved and acquired different dimensions centred around product, production, sales and customers.
 - Businesses that have product orientation think that buyers will choose those products that have the best quality, performance, design, or features.
 - Next, there are production- oriented businesses that believe that customers choose low price products.
 - Sales- oriented businesses believe that if they spend enough money on advertisement, sales and promotion, customers can be persuaded to make a purchase.
 - In a customer or market-oriented approach , strategists prioritise efforts on their customers. In order to create better value propositions for customers, businesses gather, disseminate, and use customer and competitive information. A customer- centric business is one that continuously learn from its customers' needs and market dynamics. In the present times success, many business lies in customer centric approaches

CUSTOMER

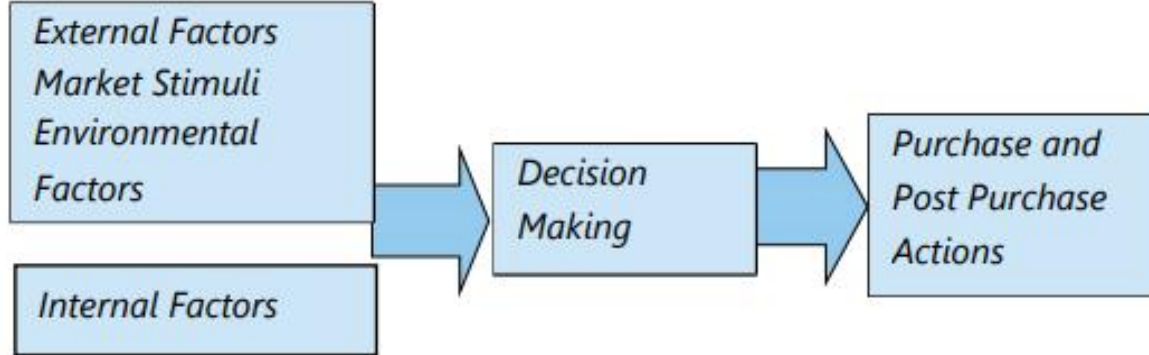
- ❑ A customer is a person or business that buys products or services from another organisation.
- ❑ Customers are important because they provide revenue and organisations cannot exist without them.
- ❑ All businesses vie for customers, either by aggressively marketing their products or by lowering their pricing to boost their customer bases.
- ❑ The terms customer and consumer are practically synonymous and are frequently used interchangeably. There is, however, a thin distinction. Individuals or businesses that consume or utilise products and services are referred to as consumers. Customers are the purchasers of products and services in the economy, and they might exist as consumers or only as customers.
- ❑ Businesses routinely research the characteristics of their consumers in order to fine-tune their marketing strategies and adjust their inventory to attract the most customers. Customers are frequently categorised based on demographics like as age, race, gender, ethnicity, economic level, and geographic region, which may all assist businesses in developing a profile of a perfect customer.

CUSTOMER ANALYSIS

- ❑ Customer analysis is an essential marketing component of any strategic business plan. It identifies target clients, determines their wants, and then defines how the product meets those needs. Thus, it involves the examination and evaluation of consumer needs, desires, and wants.
- ❑ Customer analysis includes the administration of customer surveys, the study of consumer data, the evaluation of market positioning strategies, development of customer profiles, and the selection of the best market segmentation techniques.
- ❑ Using the facts generated by customer analysis, an effective profiling of customers may be established. Customer profiles can reveal demographic information about customers. A number of parties, including buyers, sellers, distributors, sales people, managers, wholesalers, retailers, suppliers, and creditors, can assist in gathering information to effectively assess the needs and desires of consumers.
- ❑ Successful businesses constantly monitor the behaviour of existing and prospective customers

CUSTOMER BEHAVIOUR

- ❑ Customer behaviour moves beyond the identification of customers to explain how they purchase products.
- ❑ It examines elements like shopping frequency, product preferences, and the perception of your marketing, sales, and service offerings. Understanding these details allows businesses to communicate with customers in an effective manner. Understanding the behaviours of customers enables businesses to establish effective marketing and advertising campaigns, provide products and services that meet their needs, and retain customers for repeat sales.



FACTORS INFLUENCING CUSTOMER BEHAVIOUR

- ◆ **External Influences:** External influences, like advertisement, peer recommendations or social norms, have a direct impact on the psychological and internal processes that influence various consumer decisions. The focus of external effects is on the numerous elements that have an impact on customers as they choose which needs to satisfy and which products to use to do so. These aspects are divided into two groups – the company's marketing efforts and the numerous environmental elements.
- ◆ **Internal Influences:** Internal processes are psychological factors internal to customer and affect consumer decision making. Consumer behaviour is influenced by a combination of internal and external influences, including motivation and attitudes.
- ◆ **Decision Making:** A rational consumer, as decision maker would seek information about potential decisions and carefully integrate this with the existing knowledge about the product. After weighing the advantages and disadvantages of each option, they would make a decision. The stages of decision making process can be described as:
 - Problem recognition, i.e., identify an existing need or desire that is unfulfilled
 - Search for desirable alternative and list them
 - Seeking information on available alternatives and weighing their pros and cons.
 - Make a final choice

This behavior of making decisions happens very frequently. However, it mostly applies when the purchase is one that is significant to the customer, such as when the product could have a significant influence on their health or self-image. The process is extremely valid when purchasing a car, television or a refrigerator in contrast to purchase of ice creams or soft drinks.

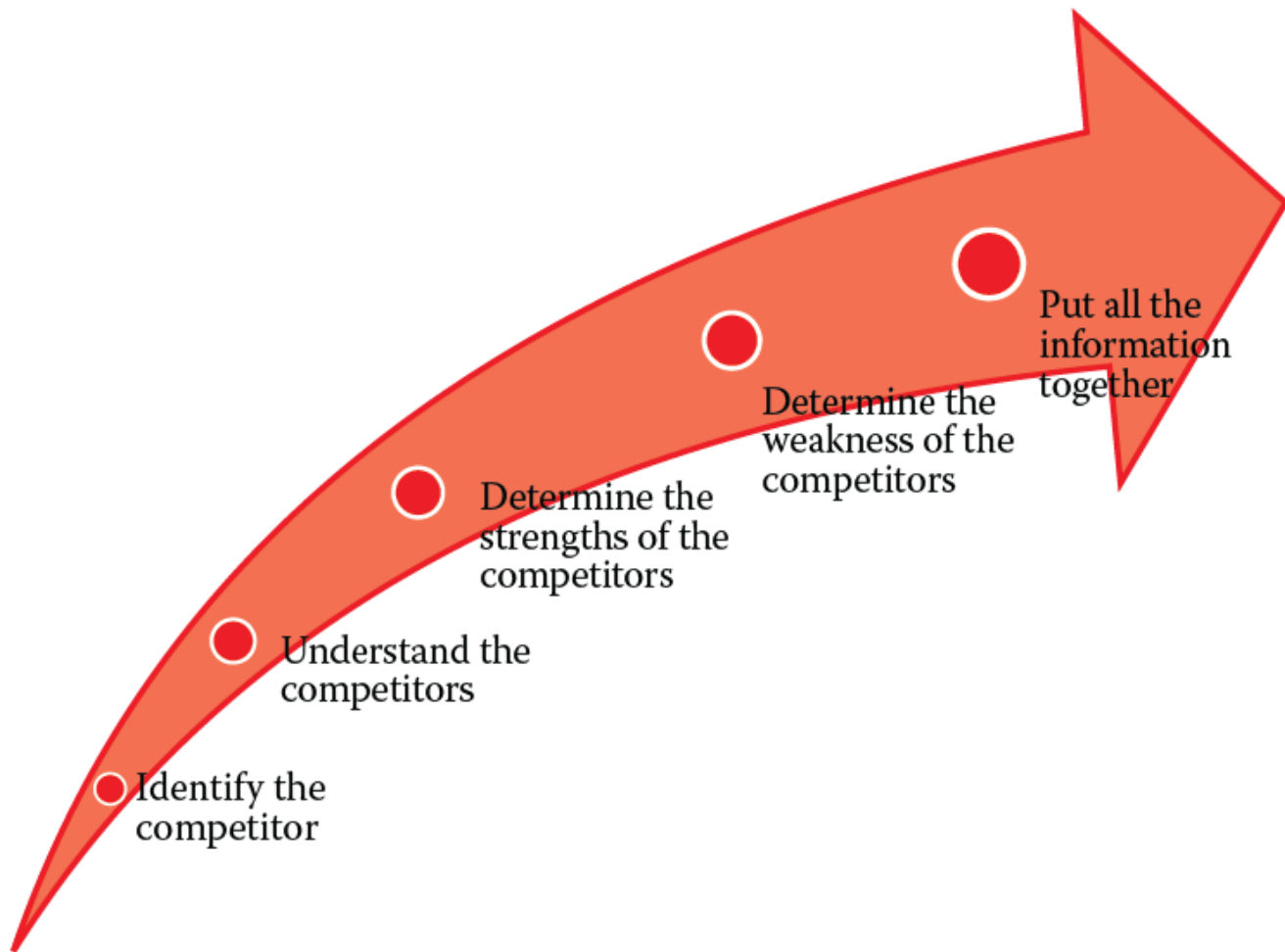
- ◆ **Post-decision Processes:** After making a decision and purchasing a product, the final phase in the decision-making process is evaluating the outcome. The consumer's reaction may vary depending upon the satisfaction. While a happy customer may make repeat purchase and recommend to others, customer with dissonance will neither purchase the product again nor recommend it to others.

COMPETITIVE STRATEGY

- ❑ Competition is a fundamental attribute of economic systems and business, and it is frequently connected with small and large organisations. Businesses compete with each other for the same set of resources and customers. Within an industry, competition is frequently encouraged with the wider goal of attaining and achieving higher quality services or superior goods that the firm may manufacture or develop.
- ❑ The competitive strategy of a business is concerned with how to compete in the business areas in which the organization operates. In other words, competitive strategy defines how a firm expects to create and sustain a competitive advantage over competitors. Having a competitive advantage over competitors means being more profitable in the long run. The competitive strategy of a firm within a certain business field is analyzed using two criteria: **the creation of competitive advantage and the protection of competitive advantage.**
- ❑ An important component of industry and competitive analysis involves delving into the industry's competitive process to discover what the main sources of competitive pressure are and how strong each competitive force is. This analytical step is essential because managers cannot devise a successful strategy without in-depth understanding of the industry's competitive character. Even though competitive pressures in various industries are never precisely the same, the competitive process works similarly enough to use a common analytical framework in gauging the nature and intensity of competitive forces.

COMPETITIVE LANDSCAPE

- ❑ Competitive landscape is a business analysis which identifies competitors, either direct or indirect.
- ❑ Competitive landscape is about identifying and understanding the competitors and at the same time, it permits the comprehension of their vision, mission, core values, niche market, strengths and weaknesses.
- ❑ Understanding of competitive landscape requires an application of “competitive intelligence”.
- ❑ An in-depth investigation and analysis of a firm’s competition allows it to assess the competitor’s strengths and weaknesses in the marketplace and helps it to choose and implement effective strategies that will improve its competitive advantage. Thus, understanding the competitive landscape is important to build upon a competitive advantage.



Steps to understand the Competitive Landscape

STEPS TO UNDERSTAND COMPETITIVE LANDSCAPE

1. **Identify the competitor:** The first step to understand the competitive landscape is to identify the competitors in the firm's industry and have actual data about their respective market share.

This answers the question:

- Who are the competitors and how big are they?

2. **Understand the competitors:** Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets.

This answers the question:

- What are their product and services?

3. **Determine the strengths of the competitors:** What are the strengths of the competitors? What do they do well? Do they offer great products? Why are consumers liking their product/service? Do they utilize marketing in a way that comparatively reaches out to more consumers? Why do customers give them their business?

This answers the questions:

- What are their financial positions?
- What gives them cost and price advantage?
- What are they likely to do next?
- How strong is their distribution network?
- What are their human resource strengths?

4. Determine the weaknesses of the competitors: Identify the areas where the competitor is lacking or is weak. Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. Financial strength and weakness can always be learnt from annual reports.

This answers the question.

- Where are they lacking?

5. Put all of the information together: At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.

This answers the questions:

- What will the business do with this information?
- What improvements does the firm need to make?
- How can the firm exploit the weaknesses of competitors?

KEY SUCCESS FACTORS

- ❑ An industry's Key Success Factors (KSFs) are those things that most affect industry members' ability to prosper in the marketplace - the particular strategy elements, product attributes, resources, competencies, competitive capabilities, and business outcomes that spell the difference between profit and loss and, ultimately, between competitive success or failure.
- ❑ Key success factors are the prerequisites for industry success or, to put it another way, KSFs are the factors that shape whether a company will be financially and competitively successful.
- ❑ An organisation with perceptive understanding of industry KSFs can gain sustainable competitive advantage by training its strategy on industry KSFs and devoting its energies to being distinctively better than rivals on one or more of these factors.
- ❑ Business organisations that stand out on a particular KSF enjoy a stronger market position for their efforts- being distinctively better than rivals on one or more key success factors presents a golden opportunity for gaining competitive advantage.
- ❑ Using the industry's KSFs as cornerstones for the company's strategy and trying to gain sustainable competitive advantage by excelling at one particular KSF is a fruitful competitive strategy approach.

- ❑ Key success factors vary from industry to industry and even from time to time within the same industry as driving forces and competitive conditions change.
- ❑ **For example**, in apparel manufacturing, the KSFs are appealing designs and colour combinations (to create buyer interest) and low-cost manufacturing efficiency (to permit attractive retail pricing and ample profit margins).

IMPORTANT QUESTION TO BE ANSWERED TO IDENTIFY KSF'S

- ◆ On what basis do customers choose between the competing brands of sellers? What product attributes are crucial to sales?
- ◆ What resources and competitive capabilities does a seller need to have to be competitively successful, better human capital, quality of product or quantity of product, cost of service, etc.?
- ◆ What does it take for sellers to achieve a sustainable competitive advantage, something that can be sustained for long term?