FRAME02

INDUSTRY STRUCTURE

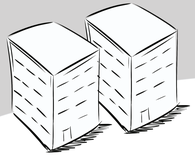
What are the dynamics within your industry?

SUPPLIERS

Who are your suppliers?
What products and services do they provide? Who is indispensible?

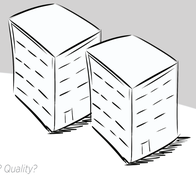
BUYERS

Who are your buyers?
What offerings are most important to them?



COMPETITIVE RIVALRY

What is the nature of the industry competition: Price? Quality? Speed? Reliability? How do they differentiate themselves? Illustrate how the industry players battle for business.



SUPPLIER BARGAINING POWER

Powerful suppliers can charge higher prices or insist on more favorable terms, lowering industry profits. When suppliers serve alternative industries, they exert more force on any one industry.

BUYER BARGAINING POWER

Powerful buyers can force prices down or demand more value in the product, capturing more of the value for themselves. When buyers see little differentiation in the industry's products, they have the power to pit one vendor against another.

NEW ENTRANTS

Entry barriers protect an industry from newcomers who would add new capacity and seek to gain market share.

THREAT OF NEW ENTRANTS

Entry barriers protect an industry from newcomers who add new capacity. What are the specific barriers to entry? How might these barriers be lowered or raised?

THREAT OF SUBSTITUTIONS

Effective substitutes can provide an attractive price performance trade-off relative to the industry's product. They put a cap on industry profitability.

SUBSTITUTE SOLUTIONS

Substitutes are offerings that meet the same basic needs as the industry's product, but in a different way. Substitutes are not direct rivals, they often come from unexpected places. This makes substitutes difficult to anticipate or even to see once they appear.