Industry Analysis Template

All sections are set up to allow for the fill-in of information. Anywhere the text is *italic*, would be where you would put in the information pertaining to the individual assignment (and thenun-italicize).

**Disclaimer:** Confidential/sensitive information on the company should not be included in the YES symposium presentation or the business research paper produced by the YES student.

**Title Page:** An Industry Analysis for <<Name of Company>>

**By:** <<Student’s Name>>

**Date:** <<Semester, year>>

**Mentor:** <<Name and job title of mentor>>

**Industry Characteristics and Norms**

**Industry Profile**

*Identify the industry the company is in. If the company falls into more than one industry, list them all using the same format, or merge them using what is most applicable from each. If merging, make an explanatory note for the client regarding the purpose for doing so and the methods of combination used.*

Profile of the *Industry*:

* NAICS Code:*Identify NAICS Code*
* Definition: *Use research resources to provide a brief definition of the industry (one paragraph) Include primary activities/products/services.*
* Size of the Industry (*Date,* growth rates from *year-year*)
  + Annual Revenue: *$###*
  + Annual Revenue Growth: ###%
  + Annual Profit:*$###*
  + Number of Establishments: *###*
  + Growth in Number of Establishments: *###%*
  + Employment: *###*
  + Annual Growth in Employment: *###%*
* Current Performance: *Summarize the information on the industry’s current performance. Follow this one-paragraph summary with any specific topics the resource goes over in bullet point format.*
  + *Topic 1: Issue*
  + *Topic 2: Issue*

|  |  |  |
| --- | --- | --- |
| **Revenue Growth** | | |
| **Year** | **Revenue *$Mill*** | **Growth %** |
| 2006 | ### | ### |
| 2007 | ### | ### |
| 2008 | ### | ### |
| 2009 | ### | ### |
| 2010 | ### | ### |
| 2011 | ### | ### |

* Industry Outlook: *Summarize the information on the outlook for the industry. Use bullet point form to avoid large paragraphs. If the discussion can be clearly delineated between revenue and growth outlook, separate the two.*
  + Revenue Outlook: *Summarize the forecasted revenue for an appropriate time frame*
    - *Issue 1*
    - *Issue 2*
    - *Issue 3*

|  |  |  |
| --- | --- | --- |
| **Revenue Outlook** | | |
| **Year** | **Revenue *$Mill*** | **Growth %** |
| 2011 | ### | ### |
| 2012 | ### | ### |
| 2013 | ### | ### |
| 2014 | ### | ### |
| 2015 | ### | ### |
| 2016 | ### | ### |
| 2017 | ### | ### |

* + Growth Outlook: *Summarize the forecasted growth for an appropriate time frame.* 
    - *Topic 1: Issue*
    - *Topic 2: Issue*
* Demand Determinants: *Describe what drives the demand for the products/services in the industry. If the description lists identifiably different components, use bullet points to list and describe them.*
  + *Determinant 1: Determinant*
  + *Determinant 2: Determinant*
  + *Determinant 3:Determinant*
* Major Markets:

***Graph here, or put percentages with each listing***

* + *If needed, a brief description of the importance of the information.*
  + *Segment Category: Description*
  + *Segment Category: Description*
  + *Segment Category: Description*
* Key Success Factors: *List the key success factors (what players in the industry should do to be successful)*
  + ***Factor:*** *Description*
  + ***Factor:*** *Description*
  + ***Factor:*** *Description*
  + ***Factor:*** *Description*
* Industry Cost Structure: *Describe the cost structure in terms of the industry, related industries, and other benchmarks as appropriate. Then, list costs and the percentage of total costs if the information is available. List starting with Profit, then highest to lowest, ending with Other.*
  + Profit: *###%*
  + *Expense 1: ###%*
  + *Expense 2: ###%*
  + *Expense 3: ###%*
  + Other: *###%*
* Major Companies: *List the major companies and the applicable data.* ***Use only if relevant to the client. May be relevant if one of the major companies is a direct competitor.***
  + *Company Name* 
    - Market Share: *###%*
    - Annual Revenue and Percent Change (*year* estimate): *$###; ###%*
    - Annual Profit and Percent Change (*year* estimate): $###; ###%
* Investment Requirements:
  + The level of investment required is ***level***.
  + *Explanation*
  + *Explanation*
* Technology & Systems:
  + The level of technology change is ***level***.
  + *Explanation*
  + *Explanation*

**Bargaining Power of Suppliers**

*Provide graph from Datamonitor report. Enter in the numbers from the graph into the left column below.*

**Key: 1 = Low; 5 = High**

|  |  |
| --- | --- |
| Score | Parameter |
| ***#*** | Differentiated Input: If the firm’s inputs are diverse and can come in many forms, they have a wider range of choices. The firm will be able to shop for the best deal, and the *bargaining power of suppliers will decrease.* |
| ***#*** | Forward Integration: If the supplier possesses a credible threat of forward integration, where the supplier can take over their own distribution and/or retailing, their *bargaining power increases.* |
| ***#*** | Importance of Quality/Cost: When the firm must find a balance between quality and cost, it becomes difficult to have both high quality and low cost. If the firm places importance in some level of high quality and some level of low cost of the product s they obtain from their suppliers , the *bargaining power of suppliers increases*. |
| ***#*** | No Substitute Inputs: If the firm requires unique inputs, it becomes costly to switch suppliers, thus *increasing the bargaining power of suppliers.* To change inputs would require a change to the entire manufacturing process. |
| ***#*** | Oligopoly Threat: If the market is controlled by a small number of firms, it becomes highly difficult for new entrants to gain market share. This *reduces the threat of new entrants* as it is a high barrier to overcome. |
| ***#*** | Player Dispensability: If the firm’s purchases don’t represent a significant portion of the supplier’s business, then the firm becomes dispensable to the supplier. The supplier does not depend on the firm’s business, thus *increasing the bargaining power of the supplier.* |
| ***#*** | Player Independence: If the firm does not rely solely on one supplier or one group of suppliers, and has a wide array of choices to choose from as to where to get their inputs, the *bargaining power of supplier’s decreases.* |
| ***#*** | Supplier Size: If suppliers are concentrated—where there are few suppliers, and each one is large and has significant market share—their *bargaining power increases.* |
| ***#*** | Switching Costs: If the cost to switch suppliers is high, supplier *bargaining power is increased*. When there are significant switching costs, the products are generally not standardized and the firm cannot easily switch to another product. |

Source: *MarketLine/DataMonitor, Quick MBA & Purdue University Agriculture Innovation & Commercialization Center*

Analysis: *Conclude the bargaining power of suppliers and provide a brief analysis of the above.*

**Barriers to Entry/Threat of New Entrants**

*Provide graph from Datamonitor report. Enter in the numbers from the graph into the left column below.*

**Key: 1 = Low; 5 = High**

Threat of New Entrants:

|  |  |
| --- | --- |
| Score | Parameter |
| ***#*** | Distribution Accessible: When access to customers is easy, the *threat of new entrants increases.* When there is limited space available on shelves, for example, it becomes harder for new entrants to reach customers. Easier, less limited channels allow for less of a barrier to entry. |
| ***#*** | Incumbents Acquiescent: When the current players accept entry of new firms without protest, the *threat of new entrants increases*. However, when incumbents fight the entry of new firms, this creates a barrier to entry that new firms must overcome. |
| ***#*** | Little IP Involved: Intellectual Property (IP) serves to restrict entry into an industry. When patented ideas and knowledge that provide competitive advantages are treated as private property, others are prevented from using the knowledge, and a barrier to entry is created. Without significant IP rights, the barrier is smaller or non-existent, and the *threat of new entrants is increased.* |
| ***#*** | Little Regulation: While the government preserves competition through anti-trust actions, it can also restrict competition through the granting of monopolies and through regulation. If there is little regulation in an industry, or an industry is deregulated, competition can blossom through the entry of new firms, and thus *the threat of new entrants is increased.* |
| ***#*** | Low Fixed Costs: Low fixed costs can contribute to a lower per-unit cost of production. This lower unit cost decreases the economies of scale that would have stood in the way of new entrants as a barrier to entry, and thus *increases the threat of new entrants*. On the other hand, high fixed costs in the form of highly specialized technology and assets can bind a new entrant to asset specificity—the extent to which a firm’s assets can be used to produce a different product. New entrants are reluctant to make investments in highly specialized assets when entering risky industries. |
| ***#*** | Low-Cost Switching: When the consumer’s cost to switch is low, new entrants have an increased chance at gaining market share. This low cost of switching *increases the threatof new entrants*by allowing new entrants to attempt to have consumers switch to their products of services. |
| ***#*** | Market Growth: Slow market growth causes firms to fight for market share. New entrants are less likely to succeed in an industry where gaining market share is difficult. In a growing market, firms are able to improve revenues simply because of the expanding market. A growing market gives room for new entrants, and *increases the threat of these new entrants.* |
| ***#*** | Scale Unimportant: The most cost efficient level of production is the point at which unit costs are at a minimum. If this level for an industry is known, then it is possible to determine the amount of market share necessary for low cost entry or cost parity with rivals. The existence of such an economy of scale creates a barrier to entry. However, the smaller the difference between the cost efficient level of production and the actual entry unit costs, the smaller the scale and the smaller the barrier. When the economies of scale are smaller, the *threat of new entrants is increased.* |
| ***#*** | Suppliers Accessible: The *threat of new entrants increases* when entry by new firms is easier due to established firms not having favorable access to inputs. If incumbents have exclusive access, this causes a barrier to entry for new firms. |
| ***#*** | Undifferentiated Product: When products are not unique or are commodities, the assets used to produce them tend to be common. The *threat of new entrants increases* because new firms are more willing to enter in an industry if they know they can easily liquidate their inventory and assets in the event of failure. |
| ***#*** | Weak Brands: Strong brand Identification tends to constrain competition. However, when brand association is weak, competition will rise. This becomes a barrier to entry to new firms, and the *threat of new entrants will decrease.* |

Source: *MarketLine/DataMonitor, Quick MBA & Purdue University Agriculture Innovation & Commercialization Center*

Analysis: *Conclude the threat of new entrants and provide a brief analysis of the above.*

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