

# 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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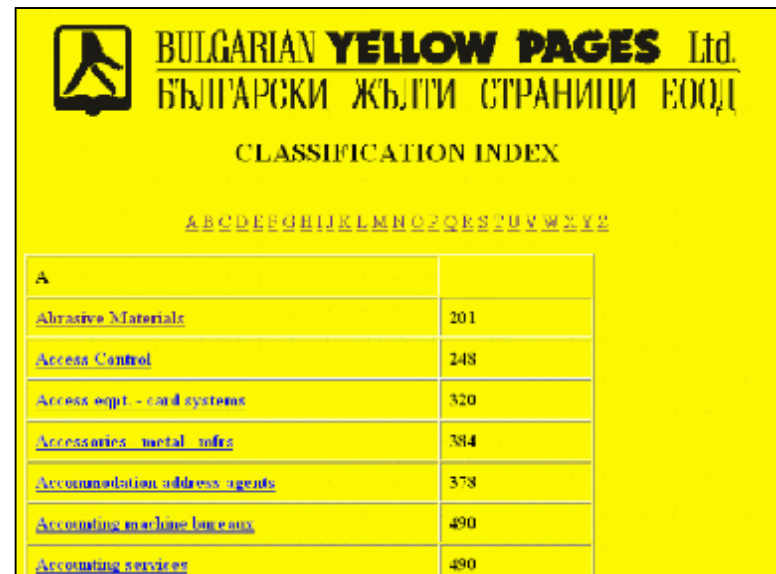
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## 1.2 Market analysis

### 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'. Below this is a table listing categories under the letter 'A' and their corresponding counts.

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?

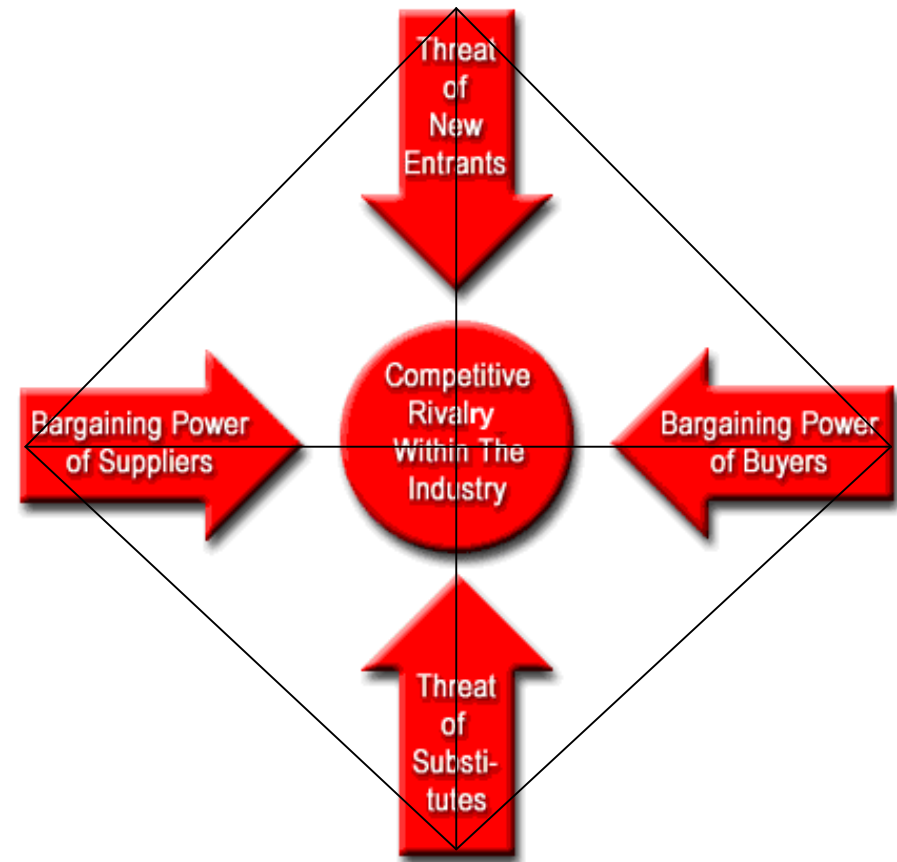


## 1.2 Market analysis

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.

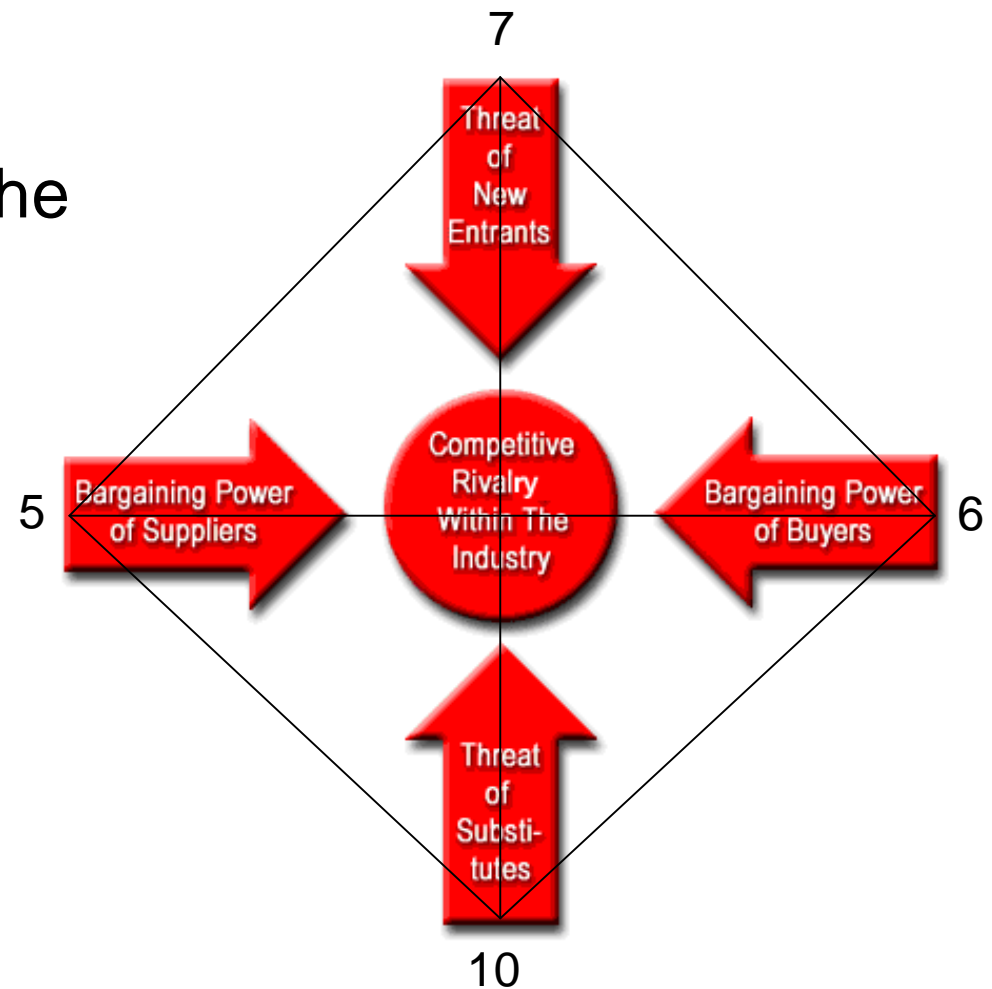


# 1.2 Market analysis

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.



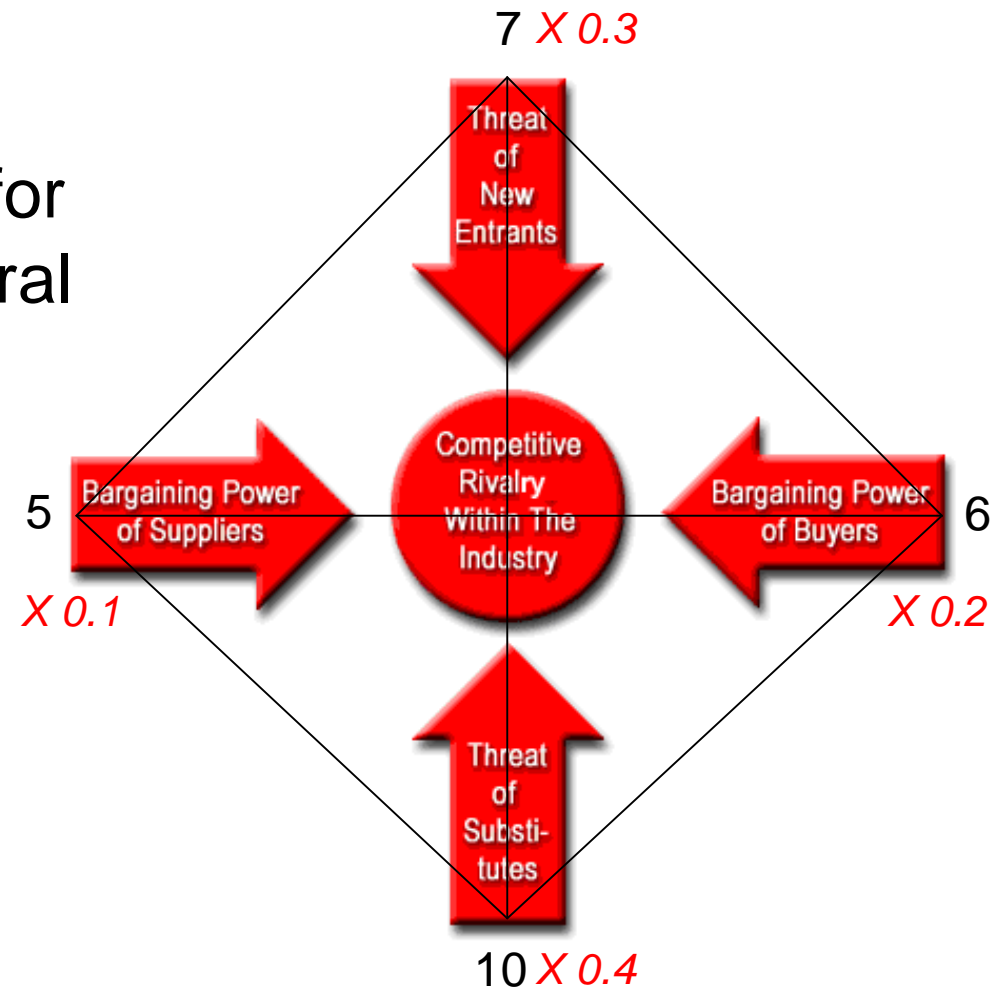


# 1.2 Market analysis

1.2.2 Analyzing market attractiveness ↓

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

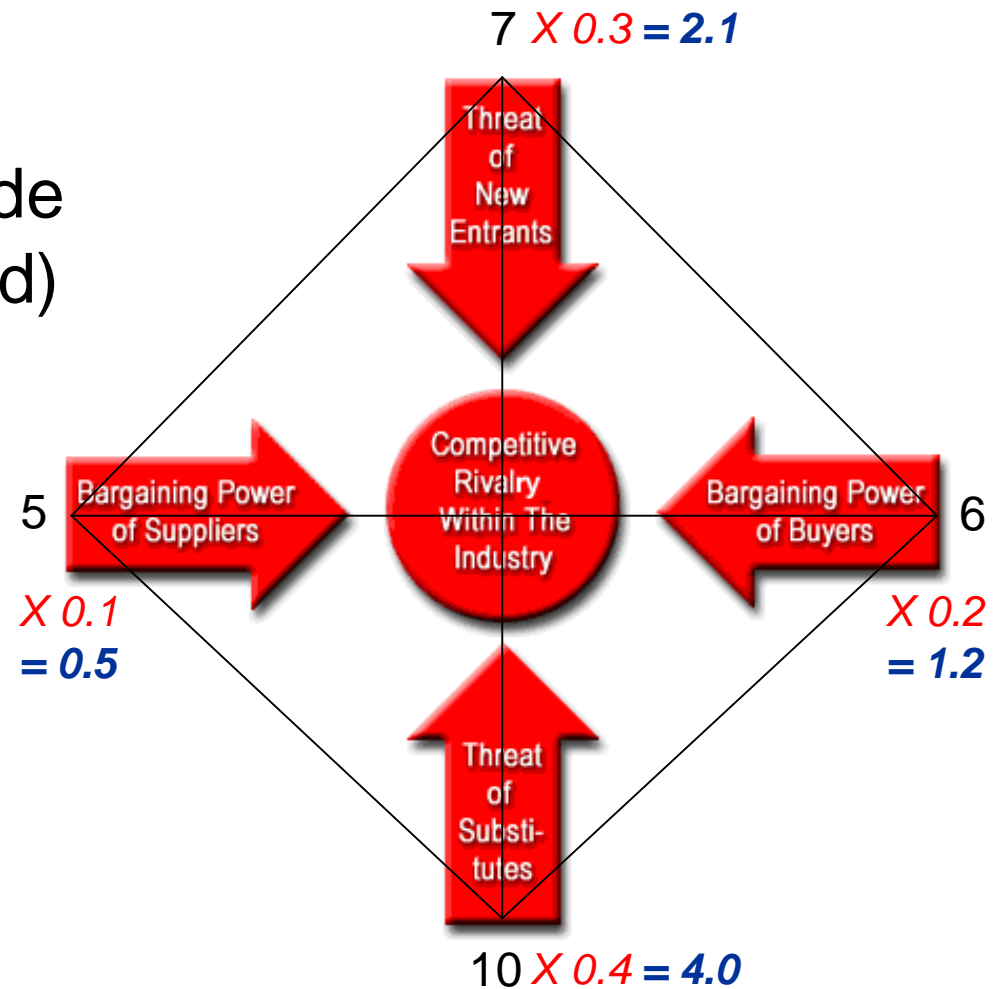
The market is the business hotels in central Paris, France.



# 1.2 Market analysis

1.2.2 Analyzing market attractiveness ↓

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

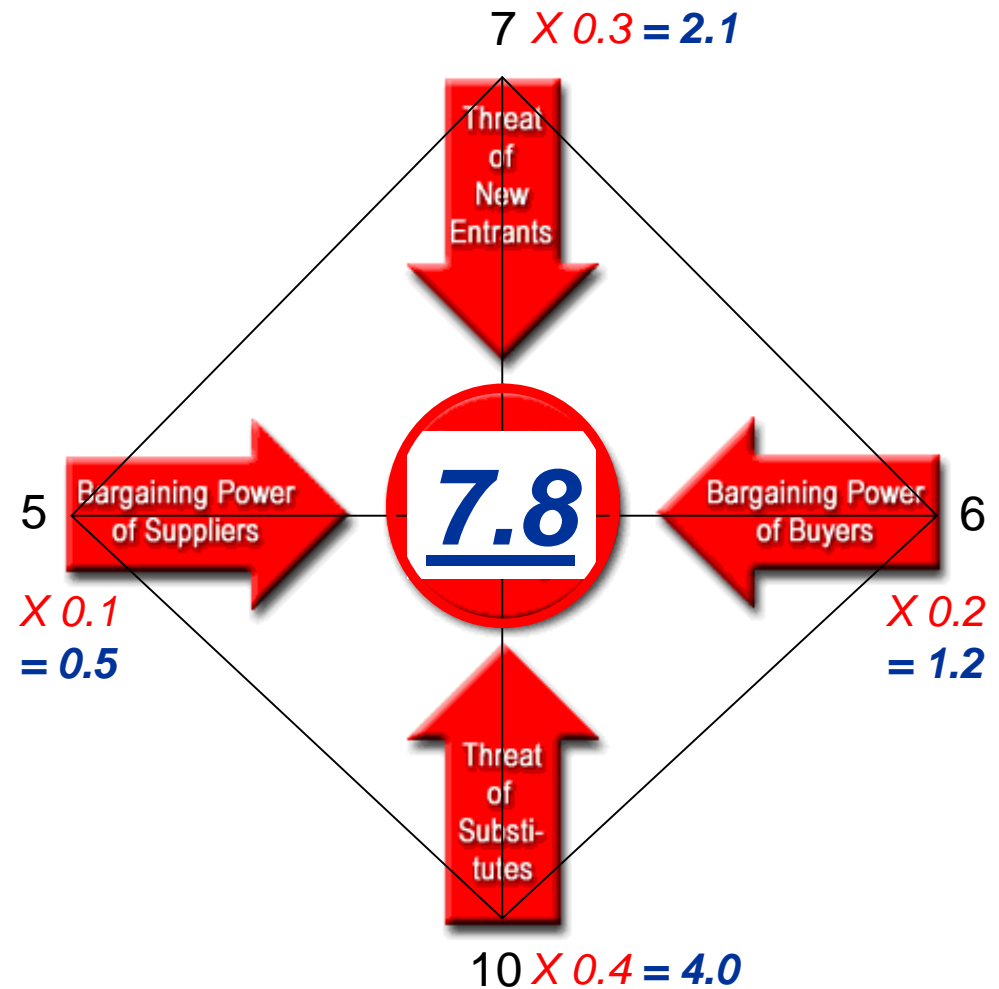


# 1.2 Market analysis

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.

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

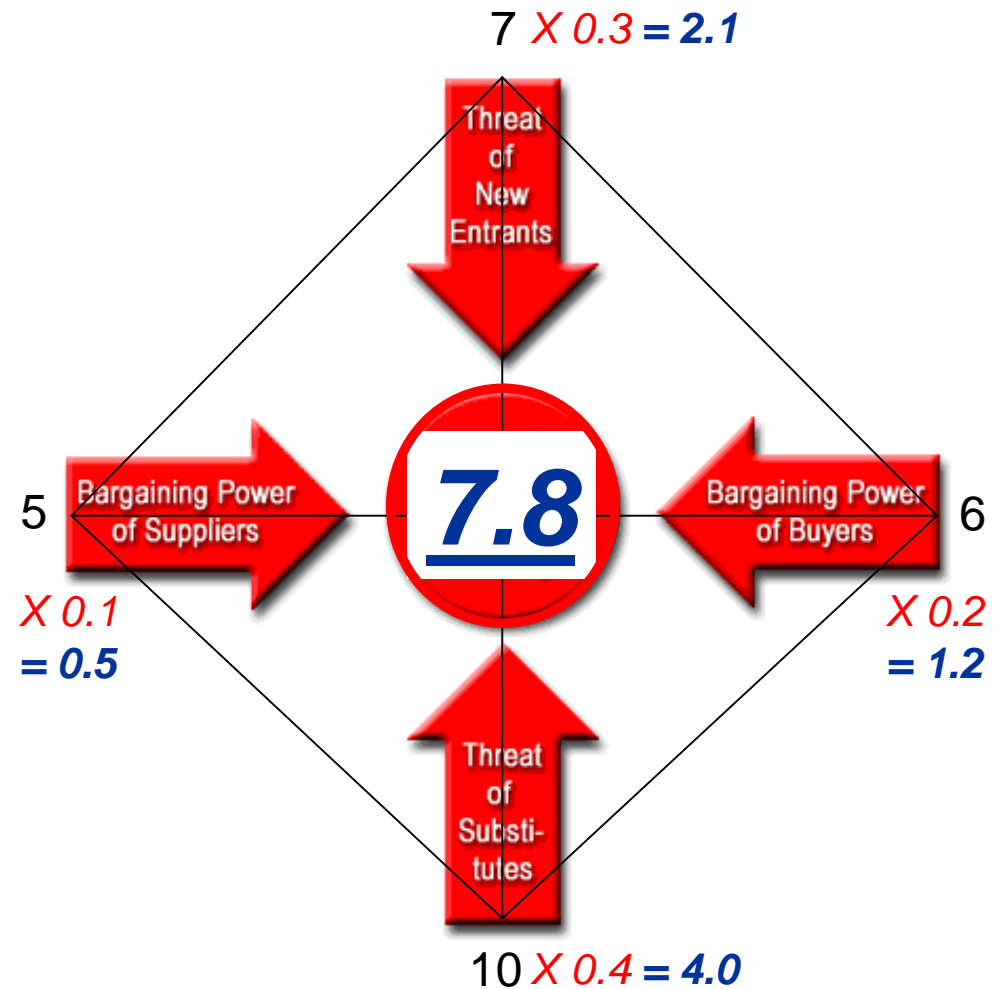


# 1.2 Market analysis

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).

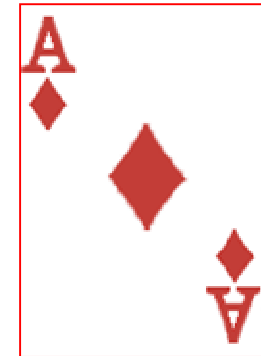


## 1.2 Market analysis

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.



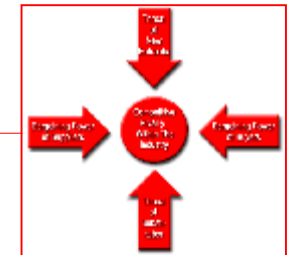
## 1.2 Market analysis, summary

### 1.2.1 Recognizing markets



RESEARCH YELLOW PAGES	
CLASSIFICATION INDEX	
1. General	1
2. Specific	100
3. Detailed	100
4. Comprehensive	100
5. Specialized	100
6. Miscellaneous	100
7. Unclassified	100
8. Other	100

### 1.2.2 Analyzing market attractiveness



### 1.2.3 Collecting data about market trends





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