

Chapter 2 Core Concepts and Analytical Tools

Chapter 2 analyzing a company's external environment

Discussion questions

1. discuss how a development in a corporation's societal environment can affect the corporation through its task environment.
2. according to porter, what determines the level of competitive intensity in an industry?
3. according to porter's discussion of industry analysis, is Pepsi cola a substitute for coca-cola?
4. how can a decision maker identify strategic factors in a corporation's external international environment?

Strategic practice exercises

1. How far should people in a business firm go in gathering competitive intelligence? Where do you draw the line?
2. based on your knowledge of restaurant industry, which of the following factors might qualify as possible driving forces capable of causing fundamental change in the industry 's structure and competitive environment?
 - a) Increasing sales of frozen meat and frozen fish.
 - b) The potential for additional makers of fast-food to enter the market.
 - c) Growing consumer interest in low calorie/low fat dessert alternatives.
 - d) A slowdown in the rate of consumer demand for foreign dinner.
 - e) An increase in the price of salt and vegetables.
 - f) A decision by KFC to increase its price by 10%.
 - g) A decision by Beijing duck to add three new flavors to its product line.
 - h) A trend in restaurant to promoting their brands on the internet.

Case study

As the owner of a new fast-food enterprise seeking a loan from a bank to finance the construction and operation of three new store locations, you have been asked to provide the loan officer with a brief analysis of the competitive environment in fast food, draw a five-force diagram for the fast-food industry, and briefly discuss the nature and strength of each of the five competitive forces in fast food.