



UNIVERSITÀ
DEGLI STUDI
DI PADOVA

DIPARTIMENTO DI SCIENZE ECONOMICHE E
AZIENDALI «MARCO FANNO»

Servizio Stage & Placement

Try the Best, Find your Way

Internship final report

How to do a competitive context analysis

Stage & Placement Service



How the Three-year Internship Report is composed

The internship report is composed by:

1. Description of the competitive context where the company or institution operates
2. Job Description
3. Skills developed



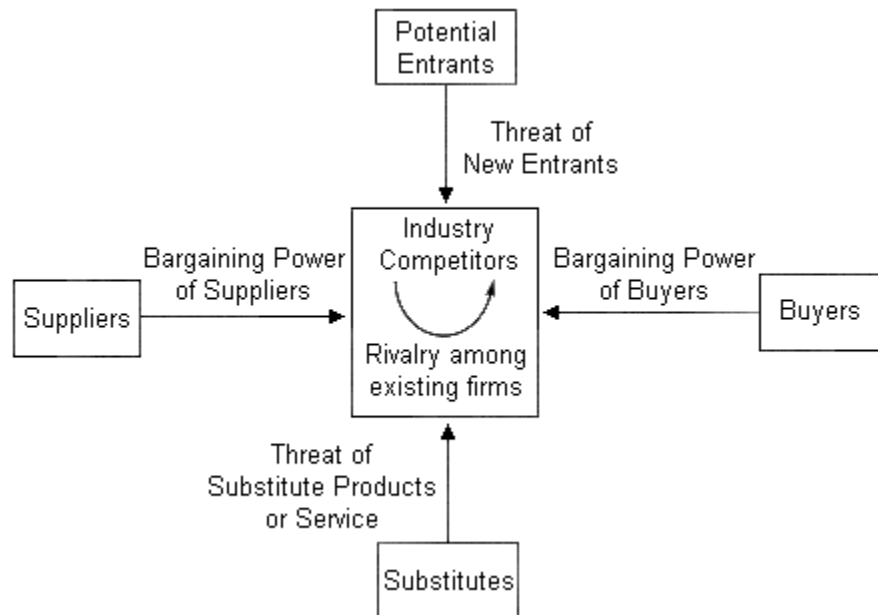
The content of this document

What is the meaning of **Description of the competitive context in which the company or the institution operates?**

- For students who attended to ***Economics*** and ***Business and Marketing Management*** courses, there won't be problems since they widely studied the instruments to develop this topic.
- For students **that didn't attend these courses**, the following slides and bibliographic information **can be very useful**.



Analyzing the Environment Porter model





Analyzing the Environment

Entrance barriers

Entrance threats depend on the height of entrance barriers:

- Capital requirements
- Economies of scale
- Cost advantages unlinked to the volume
- Differentiation
- Access to distribution channels
- Government and legal barriers
- Possible competitor ritorsions



Analyzing the Environment

The customers

Power of the demand (customers) depends on:

- Sensitivity of the buyers to the price
 - ✓ Purchase cost over total costs
 - ✓ Profitability of buyers
 - ✓ Importance of purchase for the production of the buyer

- Relative contractual power
 - ✓ Relative dimensions
 - ✓ Number of buyers
 - ✓ Completeness of information held
 - ✓ Ability of the buyer to integrate upstream



Analyzing the Environment

The suppliers

The power of the offer depends on:

- Sensitivity of the suppliers to the price
 - ✓ Amount of sales over total revenues
 - ✓ Profitability of suppliers
 - ✓ Importance of sales for the production of the supplier

- Relative contractual power
 - ✓ Relative dimensions
 - ✓ Number of suppliers
 - ✓ Completeness of information held
 - ✓ Ability of the supplier to integrate downstream



Analyzing the Environment

The competitors

Rivalry among established competitors depends on:

- Concentration degree
- Competitor diversity
- Supply differentiation
- Existence of excess productive and exit barriers
- Cost conditions: economies of scale and incidence of fixed costs



Analyzing the Environment

Replacement products

Substitute products competition (threat of substitute) depends on:

- Buyer propensity
- Substitute products prices

Substitute products meet the same need but in a different way.

Substitute products impose a ceiling to prices, and attract customers in case of price overcome.

Some substitute products don't belong to the sector and are difficult to identify.



Tracing the sector borders: identification of reference market

The fundamental principle is REPLACEABILITY.

- On the demand side: the customers consider replaceable different clothing produced in different countries (or even different products)?
- On the supply side: the producers are able to offer different kinds of clothes made in different countries?
It may be necessary to analyse the sector at different levels depending on the type of choice -> the sector borders are the result of arbitrary decisions, thus passible of valuation errors an interpretation



Complementary products

Complementary products increase the value of the product

- The customer attributes a greater value to the combination of product + complementary good rather than to the single product
- Complementary products are often offered by companies in other sectors



Complementary products

One player is complementary when the customers attribute a HIGHER value to your product if the product of the interested player is available on the same market

- Milk and Nescafé for a caffelatte

A player is a competitor when the customers attribute a MINOR value to your product if the product of the interested player is available on the same market

- Pepsi and Coca-Cola