

# ***EXTERNAL ANALYSIS EASY PLANNING***

What to analyze?

- 1) Company Network, History and Other Topics
- 2) Market Evolution and Economic Trends
- 3) Consumer Behaviour and Trends
- 4) Competitors and Rivalry Analysis
- 5) Suppliers and buyers Markets Analysis
- 6) Political/Legal Environment
- 7) Technological Environment and Substitutes
- 8) Natural Environment and Risks

## **1) Company Network, History and Other Topics**

- Describe the company network
- Understand the company's history.
- Determine if the organization has existing plans and study them.
- Determine how the planning process is carried out in the company.
- Determine which teams will participate in the DDSP.
- Chose a person within the team who can promote relationships with other companies.
- Determine cultural aspects.
- Determine why the process is beginning at this point time (normally change of management, company professionalization, or, in the case of multinationals, requirements from the head office).

## **2) Market Evolution and Economic Trends**

### ***Market evolution***

- Amount of Sales (\$);
- Volumes (quantity);
- Average prices;
- Sales per Company;
- Company Market Share;

### ***Economic Trends***

- Business life cycle;
- Interest rate;
- Exchange rate;
- Credit lines;
- Inflation rate;
- Investment levels;

- Unemployment;
- Energy costs;
- Types of financial institutions;
- Growth tendencies (gdp);
- Nature of domestic and international competition;
- Commercial blocks;
- Education level;
- Economic integration;
- Supplier concentration;
- Buyer concentration;
- Energy availability;
- Restrictions of environmental raw-materials (water, air, among others);
- Tourism expenditure;
- Others.

### **3 - Consumer Behaviour and Trends**

- Demographics;
- Life styles;
- Social mobility;
- Education levels;
- Attitudes;
- Consumerism;
- Behavior patterns;
- Women`s participation in the labor market;
- Population concentration in large cities;
- Races/ethnicity;
- Time scarcity;
- Population aging;
- Personal individuality;
- Family shopping trips
- Search for security;
- Convenience;
- Leisure;
- Wealth distribution;
- Attitudes at work;
- Concern with food safety;
- Family size;
- Environment;
- New media;
- Others.

### Buyer Characteristics (consumers)

- Cultural;
- Social;
- Personal;
- Psychological;

### Buyer's Decisions

- Product choice;
- Brand Choice;
- Seller choice;
- Time of purchase;
- Amount to spend;

### ***The consumer's purchase decision process***

- How the step happens?
- What ideas can be used?
- What opportunities are there for your company?
- Which questions must be asked?

1. Recognition of the Purchase Need
2. Search for Information
3. Evaluation of the Alternatives
4. Purchase Decision
5. Post Purchase Behavior

### ***The Consumer's Risk Analysis***

- What are the risks of bad performance (the product will not solve the need completely)?
- What are the risks of extra-time expenditure or lack of convenience in the purchase process?
- What are the risks of money expenditure (perception of less value for the money spent)?
- What are the risks of not belonging or not receiving pleasure, comfort and well being within the community in the purchase of the product?
- What are the risks in health or security related to the product?
- What are the risks of payments (receivables/consumer finances)?
- What are the risks in not fitting consumer's values towards environment, employment and other values a consumer might have?
- What are the risks in reselling (value of used products)?
- What are the risks in understanding features of the product?
- What are the risks in maintenance, services, or post-sales interactions?

## **4 - Competitors and Rivalry Analysis**

### Competitors

- Concentration
- Number
- Competitors (diversity)
- Potential for product differentiation
- Overcapacity & barriers
- Costs of businesses
- Stagnation or decline of the industry
- Prices and sales terms

### Competition from Substitutes

- Propensity of buyers to replace
- Prices and performance of the products
- Substitute products availability

## **5 Suppliers and Buyers Analysis**

### Buyers Power

- What are the trends in retailing?
- Will retail concentration and global operation movement continue?
- What to expect from private labels?
- Which will be the effects of technology and price transparency?
- Which will be the policies toward supply chain (purchasing)?
- How competition among retailers will affect the chain?
- What will be the role of foodservice?

- Price sensitivity
- Bargaining power
- Industry concentration
- Substitute products availability
- Integration among suppliers
- Capacity to determine the prices
- Specific Investments
- Percentage of total costs

### Supplier Power

- Are the factors that determine the supplier's power the same?
- Also, it is important to analyze the following issues:

- Who are they? How many? Where are they located?
- What are their offers? What are their prices?
- Quality products?

## **6 Political/Legal Environment**

- Political and legal structure;
- Alliances and political orientations;
- Legislative structure;
- Identification and analysis of the government agencies that legitimate;
- Antitrust policies;
- Political and governmental stability;
- Interest and exchange rates (in their political aspect)
- Labor legislation;
- International commerce regulations;
- Environmental protection legislation;
- Pressure groups;
- Power of the labor unions;
- Packaging recycling laws;
- Packaging restrictions;
- Restrictions on communication types;
- Tariff barriers;
- Taxation policies;
- Agricultural subsidy policies;
- Product certification and/or processes;
- Others.

## **7 Technological Environment and Substitutes**

- Government and industry level of investment in research and development;
- Speed of technology transfer;
- Product life cycle;
- Direction of technology transfer;
- Change in the cost of technology;
- Research entities and institutes, and universities that are developing research;
- Research programs;
- Life cycle of used equipment;
- Improvements in the equipment;
- Sales through mail; telephone, internet;
- Scanners, computerized stock control and delivery;
- Electronic data interchange (edi);
- Genetic modification;

- Satellites;
- Digitalization;
- Cellular telephones;
- Nano-technologies;
- Qr codes;
- Others.

*The threat of new entrants*

- Demand for capital
- Economies of scale
- Advantage of costs
- Product differentiation
- Access to distribution channels
- Legal Barriers
- Retaliation
- Network externalities
- Expectation about future competition
- Brand value by consumers

## **8 Natural Environment and Risks**

- Climate
- Diseases
- Extreme events