



# Market attractiveness analysis

**LECTURE 5**

# Agenda

- What is Market Attractiveness Analysis?
- Key factors in selecting global markets Approaches of MA
- Size and growth rate
- Institutional contexts
- Competitive environment



## Definition

Market attractiveness is a concept that describes the possibility of obtaining a long-term and stable level of sales and profits for a company in a certain market segment.

# Key factors in selecting global markets are

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graph TD; A[Key factors in selecting global markets are] --> B[Size and growth rate]; A --> C[Institutional contexts]; A --> D[Competitive environment]; A --> E[cultural, administrative, geographic, and economic distance from other markets the company serves];
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Size and growth  
rate

Institutional  
contexts

Competitive  
environment

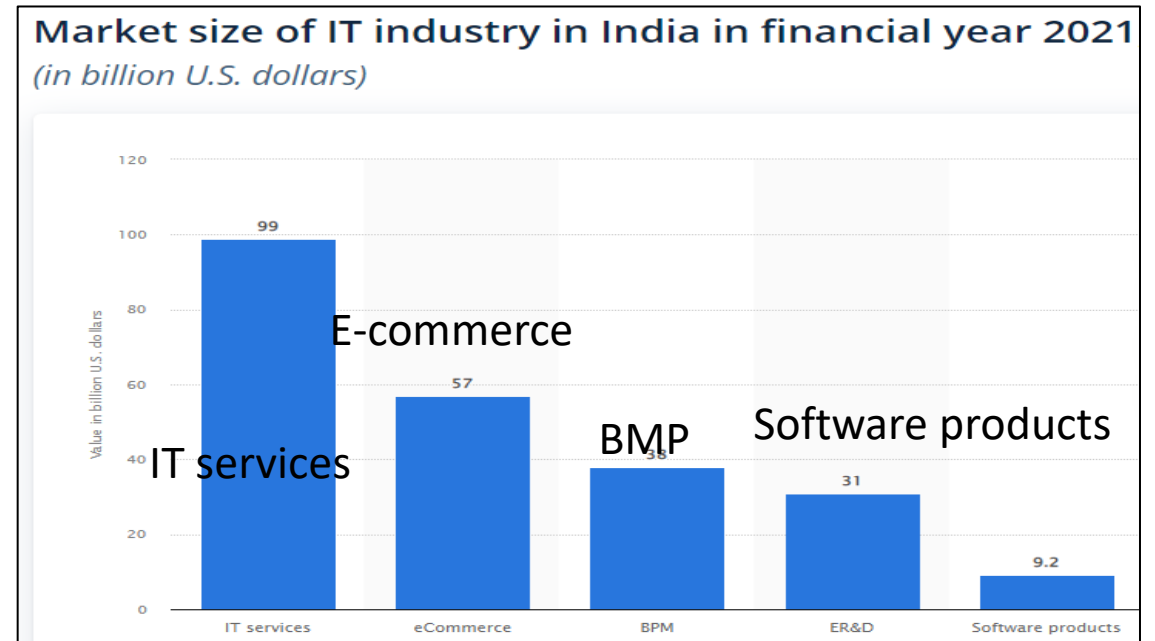
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# Size and growth

A wealth of country-level economic and demographic data are available from a variety of sources including governments, multinational organizations such as the United Nations or the World Bank, and consulting firms specializing in economic intelligence or risk assessment.



CAGR – Compound annual growth rate



# Institutional contexts

A particular country or region's institutional contexts include:

- (a) political and social systems,
- (b) openness,
- (c) product markets,
- (d) labor markets,
- (e) capital markets.

# Competitive environment

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The number, size, and quality of competitive firms in a particular target market compose the second set of factors that affect a company's ability to successfully enter and compete profitably. While country-level economic and demographic data are widely available for most regions of the world, competitive data are much harder to collect.

## The Competitive Environment



All criteria for assessing the attractiveness of the industry can be divided into 5 groups:

1. The first group of indicators describes the sales potential (Segment capacity Segment growth rate (in %) Segment profitability (in %) Market maturity Rate of change in market conditions )

2. The second group of indicators describes the potential of the market in terms of demand (Size of the target audience (thousand people), Frequency of use, Constancy of demand)

3. The third group of factors describes the conditions of a competition (quantity, monopoly, substitute goods)

4. The fourth group of factors evaluates market trends (macro factors, government, auditory)

5. The fifth group of factors evaluates the competitiveness of the product (uniqueness, price, revenue, quality, the strength of trademark)