**INDUSTRY ANALYSIS**

Here is a very brief example of an Industry Analysis for the Cases using Wal-Mart, specifically Wal-Mart’s competition in the consumer retail industry and not in the industries where it competes. Remember, that you are concerned with where Wal-Mart is positioned in the industry relative to the respective industry forces.

**Potential Competitors: Medium pressure**

* + Grocers could potentially enter into the retail side.
  + Entry barriers are relatively high, as Wal-Mart has an outstanding distribution system, locations, brand name, and financial capital to fend off competitors.
  + Wal-mart often has an absolute cost advantage over other competitors.

**Rivalry Among Established Companies: Medium Pressure**

* + Currently, there are three main incumbent companies that exist in the same market as Wal-Mart: Sears, K Mart, and Target. Target is the strongest of the three in relation to retail.
  + Target has experienced tremendous growth in their domestic markets and have defined their niche quite effectively.
  + Sears and K-Mart seem to be drifting and have not challenged K-Mart in sometime.
  + Mature industry life cycle.

**The Bargaining Power of Buyers: Low pressure**

* + The individual buyer has little to no pressure on Wal-Mart.
  + Consumer advocate groups have complained about Wal-Mart’s pricing techniques.
  + Consumer could shop at a competitor who offers comparable products at comparable prices, but the convenience is lost.

**Bargaining Power of Suppliers: Low to Medium pressure**

* + Since Wal-Mart holds so much of the market share, they offer a lot of business to manufacturers and wholesalers. This gives Wal-Mart a lot of power because by Wal-Mart threatening to switch to a different supplier would create a scare tactic to the suppliers.
  + Wal-Mart could vertically integrate.
  + Wal-Mart does deal with some large suppliers like Proctor & Gamble, Coca-Cola who have more bargaining power than small suppliers.

**Substitute Products: Low pressure**

* + When it comes to this market, there are not many substitutes that offer convenience and low pricing.
  + The customer has the choice of going to many specialty stores to get their desired products but are not going to find Wal-Mart’s low pricing.
  + Online shopping proves another alternative because it is so different and the customer can gain price advantages because the company does not necessarily have to have a brick-and-mortar store, passing the savings onto the consumer.

**Complementors: Low pressure**

* + One complementor that exists for Wal-Mart is Sam’s Wholesale Clubs. Although the same company owns this, it complements Wal-Mart by offering the same products in wholesale form, making the company more profitable.
  + Suppliers of goods need to have innovative products to attract customers.
  + For the most part, complementors do not affect Wal-Mart’s business model.