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# Factors Driving Industry Change

# The concept of industry's driving factors



- Driving forces are forces outside the firm (external factors) that trigger the change of strategy in an organization.
- Industry conditions change because important forces (the most dominant ones that have the biggest influence on what kinds of changes will take place in the industry's structure and competitive environment) are driving industry participants (competitors, customers, or suppliers) to alter their actions, and thus the driving forces in an industry are the major underlying causes of changing industry and competitive conditions.
- Driving forces analysis has 3 steps: identifying what the driving forces are, assessing the impact they will have on the industry, determining what strategy changes are needed to prepare for the impacts of the driving forces.

# 14 the most common driving forces

1. Changing in an industry's long-term growth rate
2. Increasing globalization
3. Emerging new internet capabilities and applications
4. Changes in who buys a product and how they use it
5. Product innovation
6. Technological change and manufacturing process innovation
7. Marketing innovation
8. Entry or exit of major firms
9. Diffusion of technical know-how across more companies and more countries
10. Changes in cost and efficiency
11. Growing buyer preferences for differentiated products instead of strongly commodity product
12. Reductions in uncertainty and business risk
13. Regulatory influences and government policy changes
14. Changing in societal concerns, attitudes and lifestyles

# 1. Increasing globalization

Increasing world markets mean increasing world competition and world standardization. This global world brings new opportunities but plenty of new risks and threats as businesses choose how to adapt – or not.



# Restaurant Industry



Global chains of restaurants such as fast food joints like KFC and Mc Donald's have existed since a very long time now. The aspect of a global chain leaves a positive impression on the minds of the people since they tend to believe that the product is of quality and hygiene.

More and more restaurants are following this trend and opening up their chains worldwide. This does affect the restaurant industry on a whole.

McDonalds entered Russian market in 1988. Now you can find **Jollibee** (Filipinos), **Teremok** (Russia), **Nando's** (South Africa), **Ippudo** (Japan), and a lot of others.

## 2. Technological change and manufacturing process innovation

Technological change is the invention of a technology (or a process), the continuous process of improving a technology and its diffusion throughout industry or society. In short, technological change is based on both better and more technology.



# QWERTY



The first keyboards were developed with the invention of the typewriter and the letters were, logically, arranged in an alphabetical order. This became a problem as typebars started to jam when two letters close to each other were quickly struck after one another.

To solve this problem Christopher Scholes placed the letters that are often used in combination apart from each other, resulting in the QWERTY arrangement that you probably have on your computer as well. This arrangement is however not superior in terms of typing speed, what is quite important for writing.

The Dvorak layout – named after the man who patented it in 1936 – is ergonomically arranged for typing as fast as possible. Although this ‘better’ arrangement of keys is hard to be found and has certainly not become a standard. QWERTY had become locked in the keyboard too strong and thus changing it had become complex.

### 3. Changing in societal concerns, attitudes and lifestyles

A lifestyle typically reflects an individual's attitudes, values or world view. Lifestyle may include views on politics, religion, health, intimacy, and more. All of these aspects play a role in shaping someone's lifestyle.



# Electric Automobiles



As more automakers offer electric vehicles the impact these cars and trucks have becomes increasingly visible. Besides reducing the demand for fossil fuel, electric vehicles bring with them changing driving habits, new sectors of automotive technology and a cleaner environment.

The first electric car was built in 1884. As of September 2012, series production highway-capable models available in some countries include the Tesla Roadster, REVAi, Buddy, Mitsubishi i MiEV, Nissan Leaf, Smart ED, Wheego Whip LiFe, Mia electric, BYD e6, Bolloré Bluecar, Renault Fluence Z.E., Ford Focus Electric, BMW ActiveE, Coda, Tesla Model S, and Honda Fit EV.



## 4. Regulatory influences and government policy changes

Government policies and investments are a pervasive, important, and often positive influence on the business environment and economic development of any industrialized nation.

# NAFTA



**North American Free Trade Agreement (NAFTA)** is an agreement signed by the governments of Canada, Mexico, and the United States, creating a trilateral trade bloc in North America. The agreement came into force on January 1, 1994.

US goods exports to NAFTA in 2010 were \$411.5 billion, up 23.4% (\$78 billion) from 2009 and 149% from 1994 (the year prior to Uruguay Round) and up 190% from 1993 (the year prior to NAFTA). US exports to NAFTA accounted for 32.2% of overall US exports in 2010.

US goods imports from NAFTA totaled \$506.1 billion in 2010, up 25.6% (\$103 billion), from 2009, up 184% from 1994, and up 235% from 1993. US imports from NAFTA accounted for 26.5% of overall U.S. imports in 2010.

# Marketing innovation

When firms are successful in introducing new ways to market their products, they can spark a burst of buyer interest, widen industry demand, increase product differentiation, and lower unit costs- any or all of which can alter the competitive positions of rival firms and force strategy revisions.

Burn

energy drink



# Thank You For Attention!

Please feel free to ask your questions



# Sources

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