

Industry Analysis Course Module in Business Strategy

Course Modules help instructors select and sequence material for use as part of a course. Each module represents the thinking of subject matter experts about the best materials to assign and how to organize them to facilitate learning.

Each module recommends four to six items. Whenever possible at least one alternative item for each main recommendation is included, as well as suggested supplemental readings that may provide a broader conceptual context. Cases form the core of many modules but we also include readings from *Harvard Business Review*, background notes, and other course materials.

1. Overview of suggested content (HBS case unless otherwise noted)

<i>Title</i>	<i>Author</i>	<i>Product Number</i>	<i>Publication Year</i>	<i>Pages</i>	<i>Teaching Note</i>
1. Five Forces					
The Five Competitive Forces That Shape Strategy (HBR article)	Porter	R0801E	2008	19p	--
and Airborne Express	Rivkin	798070	1998	23p	700085
<i>Alternative: Pharmaceutical Industry in 2005</i>	<i>Wells & Raabe</i>	<i>706423</i>	<i>2005</i>	<i>21p</i>	--
Supplement: What is Strategy? (HBR article)	Porter	96608	1996	21p	--
2. Industry Structure					
Cola Wars Continue: Coke and Pepsi in 2006	Yoffie & Slind	706447	2006	28p	706514
and Bally Total Fitness	Wells & Raabe	706450	2005	19p	--
<i>Alternative: Matching Dell</i>	<i>Rivkin & Porter</i>	<i>799158</i>	<i>1999</i>	<i>31p</i>	<i>706482 700084</i>
Supplement: Understanding Industry Structure (HBS note)	Porter	707493	2006	16p	--
3. Network Effects					

Microsoft's Search	Rivkin & Van Den Steen	709461	2009	18p	710416
Alternative: Cellular Service	Yin & Tinker	707424	2006	4p	707576
Supplement: Information Economy: What Every Manager Should Know (HBP chapter)	Shapiro & Varian	2571BC	1998	21p	--

II. Rationale for selecting and sequencing the items in this module

In order to understand the external environment of a firm in its entirety, strategists begin with an industry analysis. The complexity of that external competitive environment requires strategists to assess a wide variety of factors and how they interact: customers, rivals, and suppliers in an industry as well as potential entrants, providers of substitute and complementary goods, government regulators, and other important players. The cases and readings in this module give students some useful concepts and tools they can use to embark on industry analysis in a wide variety of industries – from airlines and computers to health clubs and soft drinks.

Section 1 provides cases that are useful in applying Michael Porter's [Five Forces](#) model of understanding the competitive environment of a firm.

Section 2 examines industry structure from two contrasting angles: while the [Bally's](#) case looks at a firm whose ability to impact its industry structure is minimal, the [Cola Wars](#) case explores an industry with two players whose immense size actually allows them to shape the industry itself. The alternative case, [Matching Dell](#), features a Teaching Note Supplement written in 2006 with suggested additional uses of the original case.

Section 3 explores network effects (i.e., how the value of a product or service grows for a consumer as other users adopt and use the product) and its impact on an industry. The [Microsoft](#) case looks at a competitive position that is protected by network effects; the alternative case, [Cellular Service](#), as well as the HBP chapter, "[Information Economy](#)," from the book [Information Rules: A Strategic Guide to the Network Economy](#) can be used to introduce the topic.