
Selecting the Right Industry

Overview

- Success depends a great deal on selecting the right industry in which to launch a new firm
 - Important to focus on identifying the attributes that make an industry favorable to new firms
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Looking at Evidence

- Examine how favorable different industries are to new firms
 - Understand the characteristics of industries that make some of them better for starting firms than others
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Dying Businesses?

- Pay phones
- Coin-operated arcades
- Record stores
- Bookstores
- Newspapers
- What's next?



Source: payphone.com

Top Industries to Start and Grow a Business by *Inc.* Magazine

- Mobile app design
 - Exam preparation and tutoring
 - Home health care
 - Tea and healthy beverages
 - Safety and quality testing
-

(1) Knowledge Conditions

- Amount and/or type of knowledge creation that is required to generate the industry's products/services.
 - R&D (Research and Development)
 - Do you need specific expertise, or is success based more on financial capabilities, location, relationships, etc.?
-

Knowledge Condition: Example

SQUARESPACE
SMARTER PUBLISHING

TOUR EXAMPLES PRICING SIGN UP

The secret behind exceptional websites.

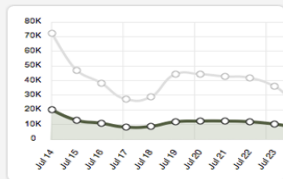
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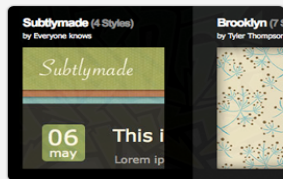
Social Integration



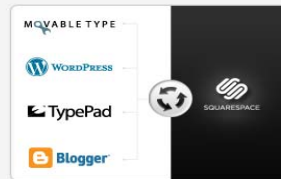
Know Your Visitors



Squarespace iPhone App



Templates That Aren't Templated



Seamless Blog Importing



Beautiful Photo Galleries



Impressive By Association

When you use Squarespace as your publishing platform, you join an elite group of site owners. From bloggers to businesses, no matter the size, the Squarespace platform provides the reliability you expect. With over 5 million hits served per day, no site is too big.



"This is the kind of software the internet has been crying out for."

- Wall Street Journal Online



"...simply blows the doors off what .MAC is offering now."

- Business Week



"This is a 'Silicon Alley 2.0' that shows real potential."

- CNET Webware

(2) Demand Conditions

- Refers to the nature of customer preferences
 - Three aspects of demand conditions
 - The magnitude of customer demand for products and services,
 - The rate of growth of that demand,
 - The heterogeneity of that demand across customer segments.
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Segmentation presents an opportunity for entrepreneurs to specialize.

- Degree of segmentation
 - The degree to which the customer base of an industry wants different features in the products or services it demands.
 - Market segmentation
 - How can you, as the entrepreneur, carve out a niche for you that is sizeable enough to reach your goals, yet small enough to be unattractive to large companies?
-


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UPCOMING EXAMS

- ✓ SAT & Subject Test Oct 4
- ✓ SAT & Subject Test Nov 1
- ✓ SAT & Subject Test Dec 6

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DID YOU KNOW?...

- ✓ The average GPA of students accepted to the University of Maryland is 3.88
- ✓ Harvard rejects 50% of applicants who score 2400 on the SAT.

[more...](#)

SUCCESS STORIES

"My son received an E-, failing his 2nd quarter of Geometry; after tutoring with Peer Advantage Tutors for the 3rd quarter, he received a B!"

--Hyattsville, MD parent

[more...](#)

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 Peer Advantage Tutors 8620 Ridge Road Bethesda, MD 20817 301.323.8840

Demand Condition: Example

Who does the tutoring?

Tutoring is done by University of Maryland students with at least a 3.5 GPA, previous tutoring experience, and weekday evening and weekend availability.

Where does the tutoring take place?

Tutors will travel within 15 minutes of campus to meet with high school students. If the student lives within that radius, the tutor will meet him at his home; otherwise, the student may meet the tutor at a library or café convenient to both.

(3) Industry Life Cycles

- Stage of development of the industry affects new ventures' performance in the market
 - Dependent on customer adoption of new products and services
 - Beginning, middle, or end (causing a deceleration in the market)
 - New firms perform better in younger markets, as it's easier to attract customers when demand growth is highest
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Young industries are most favorable to new ventures

- In young industries, there is substantially less competition vs. established industries
 - Competing companies are operating on a more level playing field
 - Learning curve allows firms to use their experience operating in an industry to improve their efforts to meet customer demand.
 - Little to no dominant design or technical standard
-

Industry Life Cycle: Example

Coulomb produces ChargePoint Network stations to scale to the national level as electricity-powered vehicles become popular. Each Smartlet station would cost between \$1,000 and \$2,000 for a business or municipality.

Source: mychargepoint.net



(4) Industry Structure

- Refers to the nature of barriers to entry & competitive dynamics in the industry
 - Capital intensity
 - Advertising intensity
 - Firm concentration
 - Average firm size
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Industry Structure: Example

The screenshot shows the RapidValue website homepage. At the top left is the RapidValue logo, which consists of a stylized yellow and blue 'R' icon followed by the text 'RapidValue'. To the right of the logo is a navigation menu with the following items: 'About Us', 'Products', 'Solutions', 'Value Accelerators', 'Careers', and 'Contact Us'. Below the navigation menu is a large banner image of a globe with a blue and green hexagonal grid overlay. The text on the banner reads 'Creating Dynamic Solutions for a Mobile World'. To the right of the banner is a blue box with the heading 'Leading through Rapid Changes' and a paragraph of text: 'RapidValue is a business and technology solutions firm, focusing on generating accelerated business value enabled by disruptive technologies like the touch-screen mobile technologies and cloud computing.' Below this text is a 'Learn more' button. Underneath the 'Learn more' button is a 'Quick Links' section with a link to 'Careers'. Below the 'Quick Links' section is a 'Mobile Solutions' section with a list of services: 'iPhone Services', 'iPhone Products', 'Android Services', 'BlackBerry® Services', and 'iPad Development Services'. To the right of the 'Mobile Solutions' list is an image of a smartphone and a blue puzzle piece with 'www' written on it. Below the 'Mobile Solutions' section is a 'Solutions' section with five columns: 'Mobile Products', 'Mobile Strategy & Application Development', 'Mobile Integration Services', 'iPad Development', and 'Support Services'. Each column has a brief description and a 'Learn More' link.

Source: rapidvaluesolutions.com

RapidValue | About Us | Products | Solutions | Value Accelerators | Careers | Contact Us

Creating Dynamic Solutions for a Mobile World

Leading through Rapid Changes

RapidValue is a business and technology solutions firm, focusing on generating accelerated business value enabled by disruptive technologies like the touch-screen mobile technologies and cloud computing.

[Learn more](#)

Quick Links

- » [Careers](#)

Mobile Solutions

- » [iPhone Services](#)
- » [iPhone Products](#)
- » [Android Services](#)
- » [BlackBerry® Services](#)
- » [iPad Development Services](#)

Solutions

- Mobile Products**
Expand your mobile presence using our products
[» Learn More](#)
- Mobile Strategy & Application Development**
Define and implement
[» Learn More](#)
- Mobile Integration Services**
Expand your mobile presence using our products
[» Learn More](#)
- iPad Development**
Expand your presence to iPad
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- Support Services**
Maintain and support your SaaS and mobile investments
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The number of U.S. developers paying the \$99 annual fee to register with Apple is over 275,000.

Online marketplaces like elance.com and odesk.com provide matchmaking opportunities for developers and clients.

Key questions on industry structure

- Are you trying to enter a capital intensive industry?
 - Is the advertising intensity high in your chosen industry?
 - Are you trying to enter a concentrated market?
 - Is the average sized firm large in the industry?
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Summary

- Is the industry that I am planning to enter a good one for starting a new company?
 - Are the **knowledge conditions** in the industry favorable to a start-up?
 - Are **demand conditions** in the industry favorable to a start-up?
 - Is the industry at the right stage of the **life cycle** for a start-up?
 - Is the **industry structure** favorable for a start-up?
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