# BUSINESS ENVIRONMENT

Sachith Karunarathna



## WHAT IS SYSTEM

A **system** is an organised or complex whole or an entity which consists of interdependent parts

Eg: Computer System, Solar System, Telephone System, Transport system

**Characteristics**

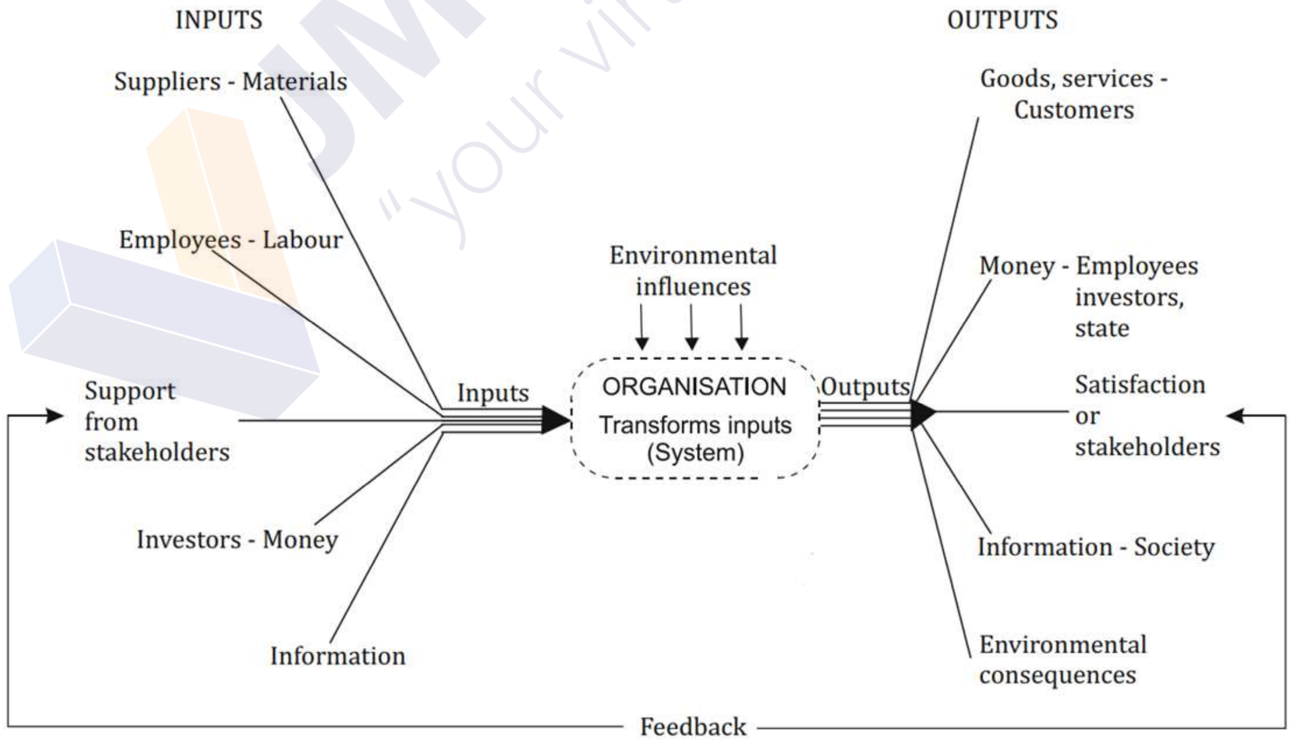
- A System has specific structure
- Interdependence
- Common Objective

- Every system has a boundary, which defines what it is. The boundary will be expressed in terms of areas, or constraints that separate it from its environment. For example, a marketing department's boundary can be expressed in terms of who works in it and what work it does.
- Anything which is external to a system belongs to the environment and not to the system itself. The environment exerts a considerable influence on the behaviour of the system; however, the system can rarely do much to control the behaviour of the environment.

- A **closed system** is a system which is isolated from its environment and independent of it, so that no environmental influences affect the behaviour of the system, nor does the system exert any influence on its environment.
- An **open system** is a system connected to and interacting with its environment. It takes in influences (or 'energy') from its environment and also influences this environment by its behaviour (it exports energy).

| | | | | |
|---|---|---|---|---|
| **Closed system** | | | | |
| | | Shut off from its environment | | |
| **Semi-closed system** | | | | |
| Predicted/controlled inputs from the environment | → | Relating to its environment in a controlled, prescribed manner | → | Predictable/ controllable outputs |
| **Open system** | | | | |
| Controllable inputs<br>Uncontrollable inputs<br>Unexpected inputs | →<br>→ | Relating to its environment in both prescribed and uncontrolled ways | →<br>→ | Both predictable and unpredictable outputs |

# TRANSFORMATION SYSTEM



**Inputs**

**Transformation or conversion processes**

- Using people and machinery to make goods such as cars
- The provision of services (eg transport)
- The creation of knowledge

**Outputs**

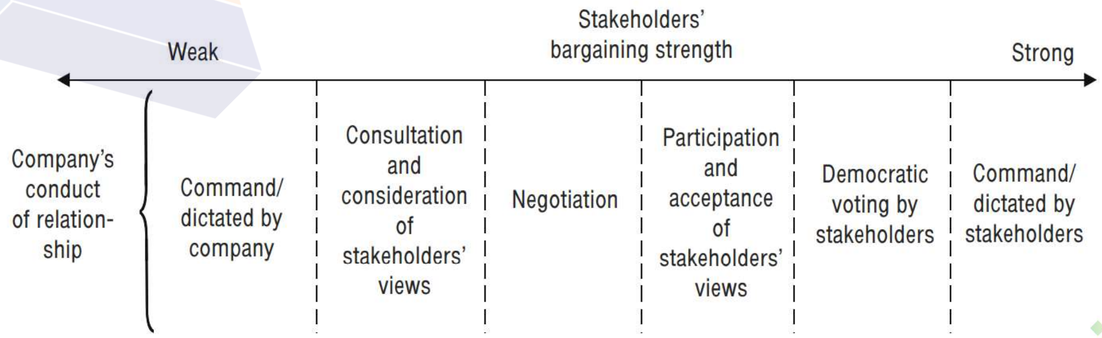
**Stakeholders** are those people or groups with an interest in the organisation's activities.

**Internal stakeholders** exist *within* the boundaries of the organisation. They include employees and management.

**Connected stakeholders** are those outside the organisation, such as suppliers, customers and shareholders, who have a direct interest in the organisation's activities.

**External stakeholders** include the state, local authorities, the public, pressure groups and so forth.

**Spectrum of relative bargaining power**




# STAKEHOLDER MAPPING

**Mendelow's matrix**

| | | Level of interest: Low | Level of interest: High |
|---|---|---|---|
| Power | Low | A | B |
| | High | C | D |

**Power** - The ability to influence our organisation strategy or project resources

**Interest -** how interested they are in the organisation or project succeeding

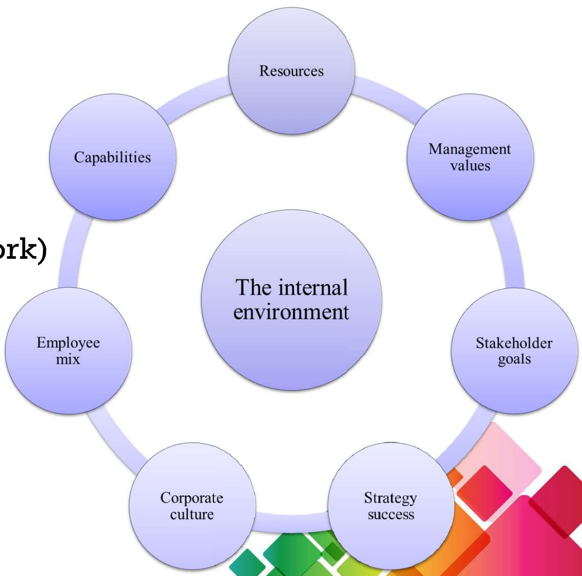
Eg: A director is likely to have high Power and high Interest in the organisation, whereas the Government would have high Power to impact strategy via regulation, but potentially less Interest – the same with a large competitor.

- **High power, highly interested people (Manage Closely):** aim to fully engage these people, making the greatest efforts to satisfy them. (Directors, Upper tier customers)
- **High power, less interested people (Keep Satisfied):** put enough work in with these people to keep them satisfied, but not so much that they become bored with your message. (Government, )
- **Low power, highly interested people (Keep Informed):** adequately inform these people, and talk to them to ensure that no major issues are arising. These audiences can also help point out any areas that could be improved or have been overlooked. (Banks, Shareholders, Lower tier customers, Suppliers, Distributors)
- **Low power, less interested people (Monitor):** don't bore these stakeholder groups with excessive communication, keep an eye to check if their levels of interest or power change. (Public)

# INTERNAL ENVIRONMENT

The internal environment refers to the interlinked sub-systems of the organisational system.

- The workforce/employees and employee relations
- Management and management 'style'
- Formal organisation structure
- Organisation culture
- The selling and marketing role and interface
- Technology (equipment, systems and organisation of work)
- The internal value chain or processes



- **Task & General Environment**

The **task environment** is the external environment of an organisation that influences its ability to reach its goals. In other words  Task Environment is the set of conditions originating from suppliers, distributors, customers, stock markets , potential employees and competitors which directly affects the organization from achieving its goals

The **general environment** is all the forces affecting the organisation indirectly. These can be classified as PEST (political-legal, economic, social-cultural, technological) factors.

- **Direct and indirect action environments**

The **direct action environment** refers to environmental forces that require immediate responses from organisations. An example might be changes in laws affecting the quality or composition of products.

The **indirect action environment refers** to forces that may not affect the business now but are likely to require direct action in the future. To prevent the need for direct action, the business may take action now.

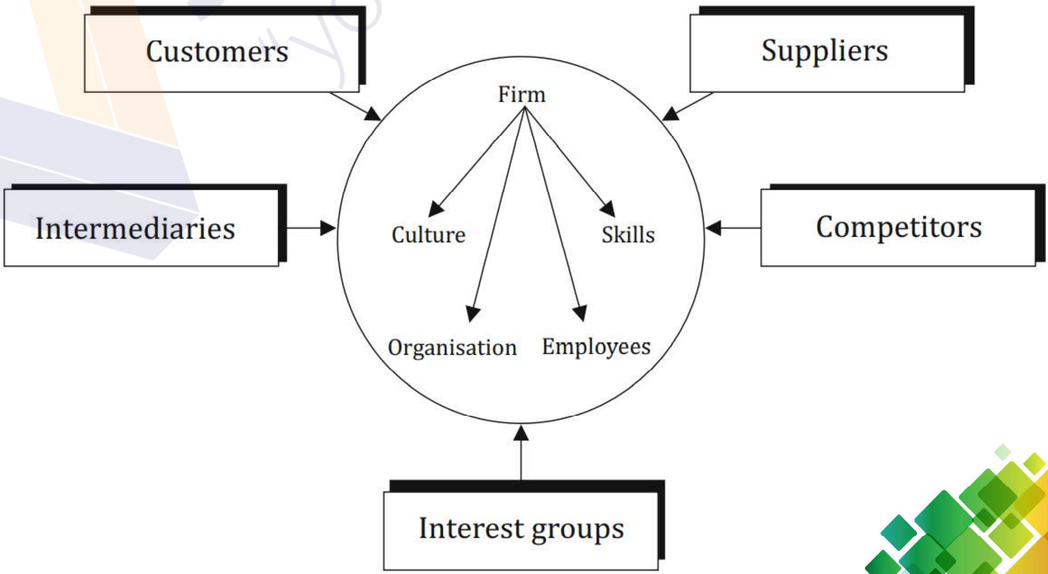
- **Micro and macro environments**
  There are two economic environments that affect businesses:

The **micro environment** of the particular business, which basically involves looking at how the market mechanism works

The **macro environment** in which all businesses have to operate, which incorporates:
**– National influences**: the business cycle, government policies (eg fiscal and  monetary policy), interest rates, exchange rates, inflation
**– Global influences**: internationalisation of trade, influence of regional economic groups such as the EU, globalisation of markets.

# MICRO ENVIRONMENT

- The **micro environment** refers to the immediate operational environment including suppliers, competitors, customers, stakeholders and intermediaries



# MACRO ENVIRONMENT

**Political Environment**
- Government policies
- Taxes laws and tariff
- Stability of government
- Entry mode regulations

**Economical Environment**
- The inflation rate
- The interest rate
- Disposable income of buyers
- Credit accessibility
- Unemployment rates
- The monetary or fiscal policies
- The foreign exchange rate

**Social Environment**
- The cultural implications
- The gender and connected demographics
- The social lifestyles
- The family life cycle
- The domestic structures
- Educational levels
- Distribution of Wealth

**Technological Environment**
- New discoveries
- Rate of technological obsolescence
- Rate of technological advances
- Innovative technological platforms

**Legal Environment**
- Product regulations
- Employment regulations
- Competitive regulations
- Patent infringements
- Health and safety regulations

**Environmental factors**
- Geographical location
- The climate and weather
- Waste disposal laws
- Energy consumption regulation
- People's attitude towards the environment

# PESTEL Factors



# ENVIRONMENTAL ANALYSIS

Environmental Analysis is described as the process which examines all the components, internal or external, that has an influence on the performance of the organization.

- **Step 1** Assess the nature of the environment (eg is it changing?).
- **Step 2** Identify those influences which have affected the organisation in the past or which are likely to do so in future.
- **Step 3** Prepare a structural analysis identifying the 'key forces at work in the immediate or competitive environment'.
- **Step 4** What is the organisation's position in relation to other organisations? (Strengths & Weakness)
- **Step 5** What threats and/or opportunities are posed by the environment?

# ENVIRONMENTAL UNCERTAINTY

One of the key challenges for organisations is the uncertainty of their external environments. Environmental uncertainty can arise from whether the environment is:

(a) Stable or Dynamic

Stable - changes slowly and predictably

dynamic - changes often, rapidly and unpredictably, eg rapid technological innovation, consumer fashion

(b) Simple or complex

Simple - relatively few environmental factors influencing what the organisation does

complex - the firm is subject to many influences

# COMPLEXITY OF ENVIRONMENT

The variety of influences faced by an organisation. The more open an organisation is, the greater the variety of influences. The greater the number of markets in which the organisation operates, the greater the number of influences to which it is subject.

The interconnectedness of environmental influences causes complexity. Importing and exporting companies are sensitive to exchange rates, which themselves are sensitive to interest rates. Interest rates then influence a company's borrowing costs. Scenario building and modelling are ways of dealing with complexities to develop an understanding of environmental conditions

# ENVIRONMENTAL DYNAMISM

- Environmental dynamism describes the ability of an economy to grow rapidly and smoothly without the need for intervention
- Environmental dynamism generally refers to **the rate of change in environmental factors over time, including technologies, markets, competitors, suppliers, and customers**
- An economy which has high economic dynamism is likely to be driven by significant powerful forces, such as expanding global demand, increased use of information technology or deregulation. A dynamic economy is reflected in a **high annual rate of growth** in national income, which is likely to be related to a rapid growth in households' discretionary incomes.



# ENVIRONMENTAL TURBULENCE

Turbulence is the degree of instability in the environment. More formally, it is defined as the rate and unpredictability of changes in a firm's external environment. The international business environment is not static, and turbulence can arise from a number of sources

(a) Changing governments or political instability. Other political problems, such as terrorism, are also sources of turbulence.

(b) There may be massive changes in regional balances of power, as a consequence of economic growth.

(c) Exchange rates.

# COPING WITH A CHANGING ENVIRONMENT

(a) **Environmental intelligence** - Clearly the possession of relevant environmental intelligence is a great help to any business seeking to deal actively with its environment. Businesses need to consider the variety of information sources used, the reliability of what is available and (importantly) the speed at which data is obtained.

(b) **Forecasting change** - Businesses need to consider a variety of possible options: best and worst case scenarios, as well as the outcome they consider to be most likely. Often they may construct a forecast or a range of forecasts using different assumptions about the rate of change of key factors. Plans made should reflect the outcomes forecast, and also the uncertainties identified during the forecasting process. If uncertainties are significant, plans for dealing with difficulties may be required.

(c) **Organising for change** - A number of commentators have stressed the need for businesses to undergo regular fundamental reorganisations, to be able to cope better with a changing environment. Increasingly decisions will have to be taken away from a centralised head office function and lines of communication simplified, to ensure information is passed quickly to where it is needed.

(d) **Marketing change** - Managers need to consider the internal marketing of change: how change is presented to employees.

(e) **Promoting a culture of change** - This implies not just suggesting changes that need to be made because a changing environment is anticipated, but creating a more outward-looking organisation which actively seeks new products, markets, processes and ways to improve productivity.

# LEGAL ENVIRONMENT

| Factor | Example |
|---|---|
| **General legal framework: contract, tort, agency** | Basic ways of doing business, negligence proceedings |
| **Criminal law** | Theft, insider dealing, bribery, deception |
| **Company law** | Directors and their duties, reporting requirements, takeover proceedings, shareholders' rights, insolvency |
| **Employment law** | Trade union recognition, minimum wage, unfair dismissal, redundancy, maternity, equal opportunities |
| **Health and Safety law** | Fire precautions, safety procedures |
| **Data protection law** | Use of information about employees and customers |
| **Marketing and sales** | Laws to protect consumers (eg refunds and replacement, 'cooling off' period after credit agreements), what is or isn't allowed in advertising |
| **Environnent** | Pollution control, waste disposal |
| **Tax law** | Corporation tax payment, collection of income tax, value added tax (VAT), nation building tax (NBT) |

# SOCIAL & DEMOGRAPHIC TRENDS

- Social trends that businesses need to be aware of include age structures, family life cycle and evolution of social structures.
- Population and the labour market - Population affects an organisation's supply of labour, and hence its policies towards recruiting and managing human resources.
- Growing populations offer a larger labour market
- Increasing birth rates mean more young people
- Falling death rates mean more elderly people – some of these will continue working

**The increasing participation of women occurs for four reasons.**

- More part-time jobs
- Rising male unemployment, as many industries which employed men have declined
- The growth of the service sector – Sri Lanka has seen a movement of labour from agriculture to the service sector and high employment in the service sector in urban areas
- An increase in the average age at which women have children



# HOW ORGANISATIONS CAN COPE WITH THESE DEMOGRAPHIC AND EDUCATIONAL TRENDS

(a) Establish the labour market in which the organisation exists (eg young people, part-time workers). In other words, 'Who do we want to recruit?'

(b) Discover the organisation's catchment areas (ie location of potential recruits).

(c) Discern the supply-side trends in the catchment area labour force (eg How many school leavers are expected? What is the rate of growth/decline of local population?).

(d) Examine education trends in the area. Figures over the last decade suggest that the education of the Sri Lankan labour force has gradually improved.

(e) Assess the demand from other employers for the skills you need (eg if there is a large concentration of, say, electronics companies in the region, then they will be interested in hiring people with similar skills).

(f) Assess whether some of your demand can be satisfied by a supply from other sources.

# FAMILY LIFE CYCLE

- It combines the effects of age, marital status, career status (income) and the presence or absence of children. It is able to identify the various stages through which households progress. It is clear that particular products and services can be marketed to people at specific stages of the life cycle

| Stage | Description | Consumer interests |
|---|---|---|
| **Bachelor** | Independent. Young. Early stage of career and earnings | Clothing. Car. Travel. Entertainment |
| **Newly Married** | Two incomes. Relative independence. Present and future-oriented | Furnishing. Travel. Clothing. Durables. Appeal to togetherness |
| **Full Nest 1** | Youngest child under 6 years. One / One and a half incomes. Limited independence. Future oriented | Goods and services geared to child. Family-oriented items. Practicality of items and appeal to economy |
| **Full Nest 2** | Youngest child under 6 years. One and a half to two incomes. Dependent. Future oriented | Savings, Home, Education. Child-oriented items. Family vacations. Appeal to comfort and luxuries |
| **Full Nest 3** | Youngest child at home but independent. High income level. Independent. Thoughts of retirement | Education. Expensive durables for children. Replacement and improvement of parents' durables. Appeal to comfort and luxuries |
| **Empty Nest 1** | No children at home. Independent. Good income. Thoughts of retirement and self | Retirement home. Travel. Entertainment. Luxuries. Appeal to self-gratification |
| **Empty Nest 2** | Retirement. Limited income. Present-oriented | Travel, recreation, health related items. Little interest in luxury. Appeal to comfort |
| **Sole Survivor 1** | Only one spouse alive. Good income. Employed. Present oriented | Immersion in jobs and friends. Travel. Entertainment. Clothing. Health |
| **Sole Survivor 2** | Only one spouse alive. Limited income. Retired | Travel. Entertainment. Health related items. Appeal to economy and social activity |

# SOCIAL STRUCTURES AND CLASS

Social class: 'The basic idea of class is that a society can be divided into broad strata which comprise individuals, whose members share common features, such as type of occupation, income level, education background and other variables.'

(Palmer and Worthington)

In sociological terms, a class is more than a group of people with various things in common, however. Classes fit into a social structure, in which some classes have advantage over others.

- Access to power
- Inherited wealth
- Educational attainment
- Status or esteem
- Income

# INFORMATION TECHNOLOGY

Information Systems (IS) and Information Technology (IT) have played a significant role in the development of the modern business environment, including encouraging the **flattening** of **organisation hierarchies** and widening **spans of control**

**- Tall and flat organisations**

**- Organisation structure and information systems**

The structure of an organisation and the way in which the organisation's information system is arranged are related issues.

**Centralised** systems means holding and processing data in a central place, such as a computer centre at head office. Data will be collected at 'remote' (ie geographically separate) offices and other locations and sent in to the central location.

**Decentralised** systems have the data/information processing carried out at several different locations, away from the 'centre' or 'head office'.



# EFFECTS OF IT ON ORGANISATIONS

# IT AND THE EMPLOYEE/EMPLOYER RELATIONSHIP

The widespread use of information technology in the workplace has affected the relationship between **employers and employees**:

- Reduced need to follow the chain-of-command
- Information overload
- Close business relationships regardless of geographical location
- More flexible working arrangements
- Greater monitoring and control

Delayering has gone hand in hand with a trend towards **downsizing**, whereby large numbers of managers and staff have been made redundant

- **Outsourcing** is the contracting out of specified operations or services to an external vendor.

**Types of outsourcing**

| Type | Example |
|---|---|
| Ad hoc | Employing programmers on a short-term contract to help with the programming of bespoke software |
| Project management | A new accounting system |
| Partial | Hardware maintenance, network management or ongoing website management. |
| Total | The third party owns, or is responsible, for IT equipment, software and staff |

# DECIDING WHETHER TO OUTSOURCE

**(a) Is the system of strategic importance?** Strategic IS are generally not suited to outsourcing as they require a high degree of specific business knowledge that a third-party IT specialist cannot be expected to possess.

**(b) Can the system be relatively isolated?** Functions that have only limited interfaces are most easily outsourced, such as payroll.

**(c) Do we know enough about the system to manage the outsourced service agreement**? If an organisation knows very little about a technology it may be difficult to know what constitutes good service and value for money. It may be necessary to recruit additional expertise to manage the relationship with the other party.

**(d) Are our requirements likely to change**? Organisations should avoid tying themselves into a long-term outsourcing agreement if requirements are likely to change.

**(e) What will be the full costs of outsourcing**? The organisation needs to consider not just the fees the provider will charge, but also the costs of dealing with the provider, monitoring its activities, insuring against loss

| Advantages | Disadvantages |
|---|---|
| can remove uncertainty about cost | It is arguable that information and its provision is an inherent part of the business and of management |
| Long-term contracts (maybe up to ten years) encourage planning for the future | confidential information |
| economies of scale | competitive advantage may be missed |
| A specialist organisation is able to retain skills and knowledge | An organisation may find itself locked in to an unsatisfactory contract |
| A specialist company can share staff with specific expertise between several clients | The use of an outside organisation does not encourage awareness of the potential costs and benefits of IS/IT within the organisation |
| Flexibility (contract permitting) | |

# NEW DYNAMICS OF THE GLOBAL ENVIRONMENT

- **Globalisation** refers to the development of markets and production operations spanning the globe. One effect of this has been availability of considerably lower costs of production in developing economies than in established economies.

**Changes in the business environment due to the new developments**

(a) Globalisation of business: increased competition and the ability to access customers across the world. Many domestic markets have become saturated, but companies are able to compete easily anywhere in the world.

(b) Science and technology developments, especially in communications (the internet and related technologies), and transport (particularly air travel) resulting in reduction of costs.

(c) Multinational mergers, acquisitions and strategic alliances.

(d) Growth of global industries and institutions.

(e) Increased scrutiny of business decisions by government and the public.

(f) Increased liberalisation of trade, and deregulation and co-operation between business and government have eased access to foreign markets.

(g) Changes in business practices including outsourcing abroad.

(h) Changes in the social and business relationships between companies and their employees, customers and other stakeholders.

The costs of materials and labour vary significantly from country to country due to a number of influences:

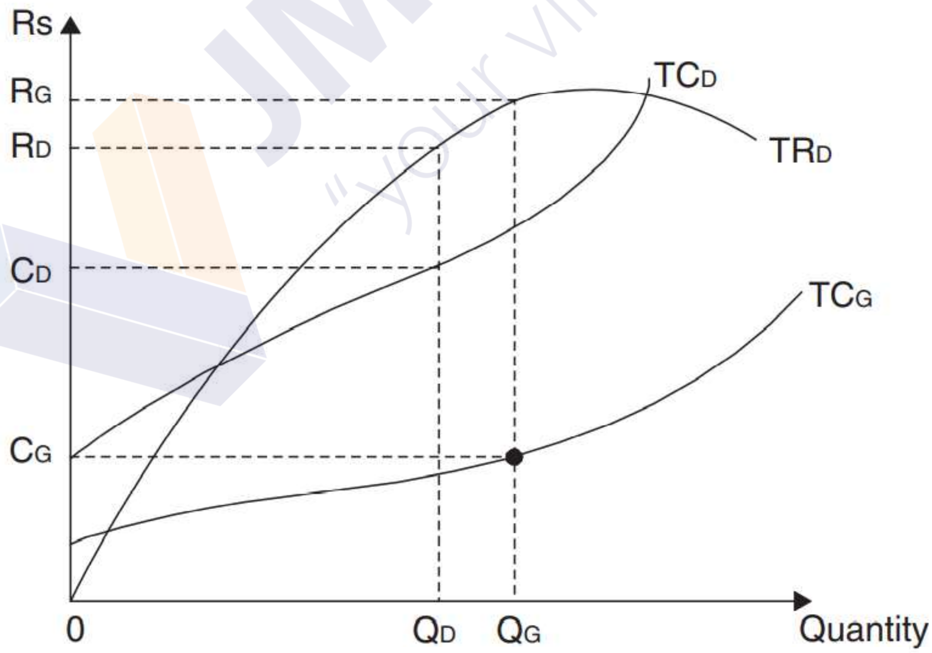
(a) **Size of population**. Some countries have an abundant population; this drives wages to low levels.

(b) **Better skill base**. Certain countries have designed an education system to produce large numbers of people with skills that are scarce and expensive in developed countries.

(c) **Legal differences**. Costs in some countries are low because business is not expected to pay for things such as annual leave entitlements, employee health and welfare, or guaranteed minimum wages.

(d) **Special assistance**. To attract business, national governments may give gifts of free land, build infrastructure, and give loans or grants for investment on generous terms (these are examples of external economies of scale).

(e) **Lower costs of materials and other services**. Setting a factory up in a low cost economy leads to savings on wages, but also allows the firm to obtain cheaper metal, power and other inputs because these industries are also enjoying lower costs.



# GLOBALISATION OF PRODUCTION IN PRACTICE

In practice, firms tend to off-shore particular parts of their production processes to the countries that can perform them most cheaply. For example, a customer contact centre (call-centre) may be provided by one overseas location, transactions processing by another and manufacturing in a third country. Production facilities may be located in particular countries for a variety of reasons.

- To give access to markets protected by tariffs
- To reduce transport costs
- To exploit national or regional differences in demand for goods and, thereby, expand sales
- To take advantage of low labour costs and, thereby, reduce production costs
- To secure supply through backward vertical integration

This has led to several characteristics of the modern firm:

(a) Global supply chains: as the firm depends on receiving products or components from around the world.

(b) Network organisations: where the firm does some activities itself but contracts with other lower-cost providers for other parts of its work.

(c) Global collaborations: where local laws forbid a foreign firm to own factories in a country, the foreign firm will set up new joint-venture businesses with local firms to open factories together.



**Arguments in favour of globalisation**

(a) Emergence of new growth markets, for example in the less-developed countries

(b) Enhanced competitiveness, as more producers and customers make up the global marketplace

(c) Growth of previously poor economies, such as China

(d) Cross-national business alliance and mergers

(e) International support for poorer nations, and assistance provided in development of their economies

(f) World economic equalization

**Criticisms of globalisation**

(a) The main institutions of globalisation follow the collective will of the G8 countries (USA, Japan, Germany, Canada, Italy, France, the UK and Russia) and are more concerned, therefore, in aiding the economic wealth of these countries.

(b) The International Monetary Fund, World Bank and G20, along with powerful multinational organisations, dictate economic policy in countries but do not include real representation of these countries within their organisations. This lack of accountability has been called 'global governance without global government' (Joseph Stiglitz, Globalisation and its Discontents).

(c) World poverty is still an issue and many fear that the policies adopted by WB, IMF and others, for example in restricting subsidy in Africa and opening up their markets for Western imports that are produced under subsidy, actually makes some nations poorer.

(d) There is no enduring political and economic stability in the world; the collapse of one part of the economy in, for example, South America, could have disastrous knock-on effects for the rest of the world.

(e) Not all countries are included in global activity. Instead there is an increasing tendency for groups of countries, usually located in the same region, to become involved in each other's economies, for example the countries in the eurozone.

# COMPETITORS AND THEIR IMPACT ON ORGANISATIONS

- A **competitor** is a business in the same or similar industry that offers a similar product or service.
- **Competitive position** is the market share, costs, prices, quality and accumulated experience of an entity or a product relative to competition

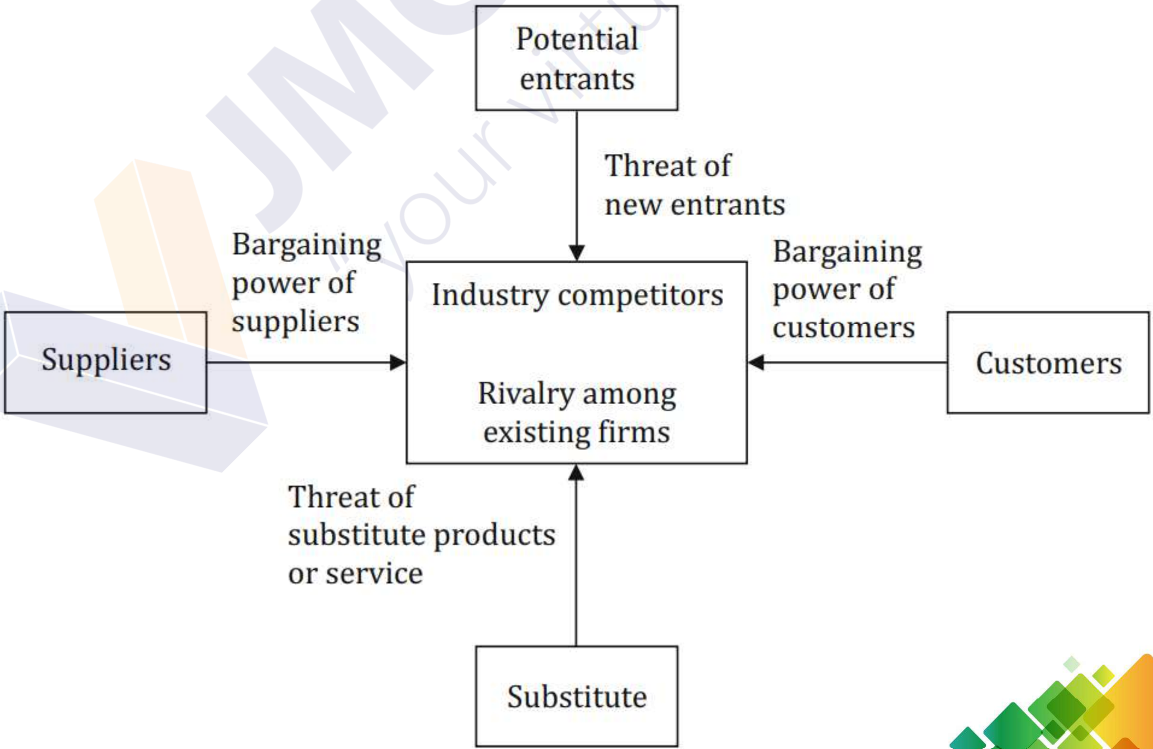
Types of Competitors

(a) **Brand competitors**, which are similar firms offering similar products: for example, McDonald's and Burger King.

(b) **Industry competitors**, which have similar products but are different in other ways, such as the size, geographical market or range of products. Eg: British Airways and Singapore Airlines

(c) **Form competitors**, who offer products which are technically significantly different, but satisfy the same needs: for example, manufacturers of matches and cigarette lighters

(d) **Generic competitors**, who compete for the same disposable income with different products: for example, home improvements versus foreign vacations.



**The threat of new entrants**

A new entrant into an industry will bring extra capacity and more competition. The strength of this threat is likely to vary from industry to industry and depends on two things.

If it takes little money and effort to enter your market and compete effectively, or if you have little protection for your key technologies, then rivals can quickly enter your market and weaken your position. If you have strong and durable barriers to entry, then you can preserve a favorable position and take fair advantage of it.

**The threat from substitute products**

A substitute product is a good or service produced by another industry which satisfies the same customer needs. In other words This refers to the likelihood of your customers finding a different way of doing what you do.

**The bargaining power of customers**

Customers want better quality products and services at a lower price. Satisfying this want might force down the profitability of suppliers in the industry. The strength of a customer's position depends on a number of factors.

- How much the customer buys
- How critical the product is to the customer's own business
- Switching costs (the cost of switching supplier)
- Whether the products are standard items (hence easily copied)
- The customer's own profitability - A customer who makes low profits will be forced to insist on low prices from suppliers
- Customer's ability to bypass the supplier (or take over the supplier)
- When product quality is important to the customer, the customer is less likely to be price sensitive, and so the industry might be more profitable as a consequence.

**The bargaining power of suppliers**

Suppliers can exert pressure for higher prices. The ability of suppliers to get higher prices depends on several factors.

- Whether there are just one or two dominant suppliers to the industry, able to charge monopoly or oligopoly prices
- The threat of new entrants or substitute products to the supplier's industry
- Whether the suppliers have other customers outside the industry, and do not rely on the industry for the majority of their sales
- The importance of the supplier's product to the customer's business
- Whether the supplier has a differentiated product which buyers need to obtain
- Whether switching costs for customers would be high

**The rivalry amongst current competitors in the industry**

The intensity of competitive rivalry within an industry will affect the profitability of the industry as a whole. Competitive actions might take the form of price competition, advertising battles, sales promotion campaigns, introducing new products for the market, improving after-sales service or providing guarantees or warranties. Competition can stimulate demand, and thus expand the market, or it can leave demand unchanged, in which case individual competitors will make less money, unless they are able to cut costs.

**Threat of new entrants**
- Economies of scale
- Product differentiation
- Brand identity/loyalty
- Access to distribution channels
- Capital requirements
- Access to latest technology
- Access to necessary inputs
- Absolute cost advantages
- Experience and learning effects
- Government policies
- Switching costs
- Expected retaliation from existing players

**Bargaining power of buyers**
- Buyer volume (number of customers)
- Size of each buyer's order
- Buyer concentration
- Buyer's ability to substitute
- Buyer's switching costs
- Buyer's information availability
- Buyer's threat of backward integration
- Industry threat of forward integration
- Price sensitivity

**Bargaining power of suppliers**
- Number of suppliers
- Size of suppliers
- Supplier concentration
- Availability of substitutes for the supplier's products
- Uniqueness of supplier's products or services (differentiation)
- Switching cost for supplier's products
- Supplier's threat of forward integration
- Industry threat of backward integration
- Supplier's contribution to quality or service of the industry products
- Importance of volume to supplier
- Total industry cost contributed by suppliers
- Importance of the industry to supplier's profit

**Threat of substitute products or services**
- Number of substitute products available
- Buyer's propensity to substitute
- Relative price performance of substitutes
- Perceived level of product differentiation
- Switching costs
- Substitute producer's profitability & aggressiveness

**Rivalry among existing competitors**
- Number of competitors
- Diversity of competitors
- Industry concentration and balance
- Industry growth
- Industry life cycle
- Quality differences
- Product differentiation
- Brand identity/loyalty
- Switching costs
- Intermittent overcapacity
- Informational complexity
- Barriers to exit

# SWOT ANALYSIS