

University Of Abdelhafid Boussouf-Mila

Faculty of Economics, Commercial &

Management Sciences

Lecture Four: Market Analysis & Industry Context



Addressed To master one Students-Semester 1

Prepared & Presented by:

Ms. SARA MEZHOUD

Teacher of English Language

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1. Introduction

Market analysis and industry context are vital components of any business plan, as they provide a deep understanding of the environment in which a company operates. A market analysis involves studying the target market, customer needs, buying behaviors, and overall market size, allowing a business to identify opportunities and potential challenges. It also helps determine the level of demand for a product or service and the most effective strategies for reaching potential customers. The industry context, on the other hand, examines the broader environment—such as industry trends, key competitors, regulatory factors, and technological developments—that can influence the company’s success. Together, these analyses enable a business to position itself strategically within the market, make informed decisions, and develop sustainable competitive advantages in a constantly evolving business landscape.

2. Market and Industry

The **market** refers to the group of people who may be interested in buying the product or service.

The **industry** refers to the category or field of business in which the company operates.

For example:

- A coffee shop works in the **food and beverage industry**.
- A clothing store works in the **fashion industry**.
- A delivery service works in the **transport and logistics industry**.

Understanding the industry means knowing trends, growth, competition, and customer habits.

3. Target Customers

Knowing your customers is essential. A business must identify:

- **Who** the customers are (age, gender, location, income level, lifestyle).
- **What** they need or want.
- **Why** they would choose this business.

This is called the **target market**.

For example:

- A café near a university mainly targets **students**.
- A luxury perfume brand targets **high-income customers**.
- A children's clothing store targets **parents**.

When a business understands its customers, it can create products, prices, and services that match their needs.

4. Competitor Analysis

No business exists alone. There are always other companies offering similar products or services. These are called **competitors**.

Analyzing competitors helps a business answer:

- What do competitors do well?
- What do they lack or fail to provide?
- How can our business offer something **better or different**?

A business should never copy competitors. Instead, it should learn from them and create its own **unique value**.

Example: If all coffee shops sell expensive coffee, a new business can succeed by offering **lower prices** or **a more comfortable environment**.

5. Market Trends

Market trends refer to changes happening in the industry. Markets are not fixed; they change with:

- Technology
- Social behavior
- Culture
- Economy

Examples of trends:

- More people buying online instead of in physical stores.
- Growing interest in healthy, natural products.
- Increase in home delivery services.

Studying trends helps a business adapt and stay modern.

6. SWOT Analysis

SWOT analysis is a tool used to evaluate the business situation.

It focuses on four elements:

- **Strengths:** What the business does well (ex: high quality, good location).
- **Weaknesses:** Internal problems or limitations (ex: limited experience).
- **Opportunities:** External chances to grow (ex: high demand, new technology).
- **Threats:** External risks (ex: strong competitors, economic crisis).

SWOT analysis helps the business understand where it stands and how to improve.

Example of simple interpretation:

- Strength: Homemade natural soap.
- Weakness: Small production capacity.
- Opportunity: Increasing demand for organic products.
- Threat: Large companies entering the same market.

7. Writing a Market Analysis Section

To write a good market analysis in a business plan, follow these steps:

1. **Describe the industry:**

Explain the type of business and the general situation of the market.

2. **Identify the target customers:**

Who will buy your product? Why?

3. **Analyze competitors:**

Mention what they offer and how your business is different.

4. **Discuss market trends:**

Show that you understand how the market is changing.

5. **Summarize your SWOT analysis:**

Highlight your business strengths and areas for improvement.

This section should be factual, realistic, and based on observation or research.

8. Example of a Market Analysis Paragraph

The natural skincare industry has been growing rapidly in Algeria due to increased awareness of health and beauty. Our target customers are women aged 18–35 who prefer natural products and avoid chemicals. There are several competitors selling herbal products, but most of them offer standard formulas. Our business stands out by using fresh local ingredients and customizable product options. The trend toward clean beauty and eco-friendly packaging provides an opportunity for growth, although competition from larger brands presents a challenge.

This example shows the industry, customers, competitors, and opportunities.

9. Conclusion

Market Analysis and Industry Context are essential parts of a business plan. They show that the business owner understands the environment and is prepared to face real conditions. By studying customers, competitors, and market trends, the business can create strong strategies and avoid mistakes. A business that knows its market is more likely to succeed than one that works blindly