



Strategy Tip #7

Industry structure
informs winning
strategies

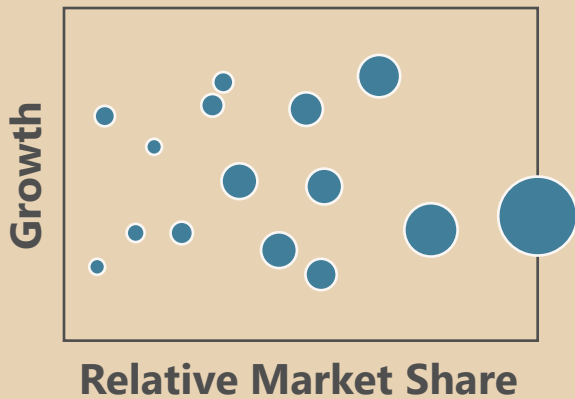
There are many ways to win as a company, but often these are limited by your **environment**.

Differences in technology, customer and supplier behavior, entry barriers as well how alike companies are, determine the **structure of your industry**.

Understanding your industry structure helps making **the right strategic choices**.



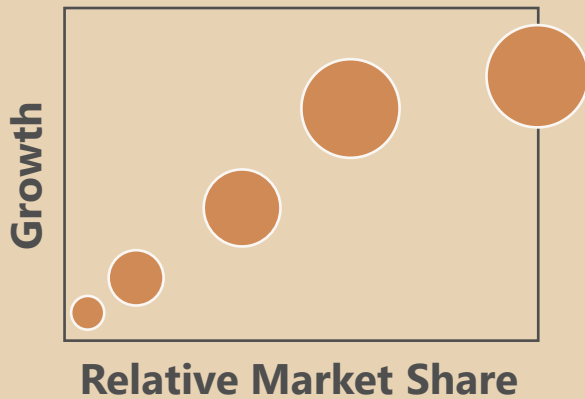
1: Fragmented



Industries often start off **fragmented**, and many remain that way due to **limited scale effects**. An example is trucking where all players are similar.

The answer here is to **stand out from the crowd**. Successful truckers avoid tenders through **focus**, e.g., on pharmaceutical companies who are risk averse and hence loyal.

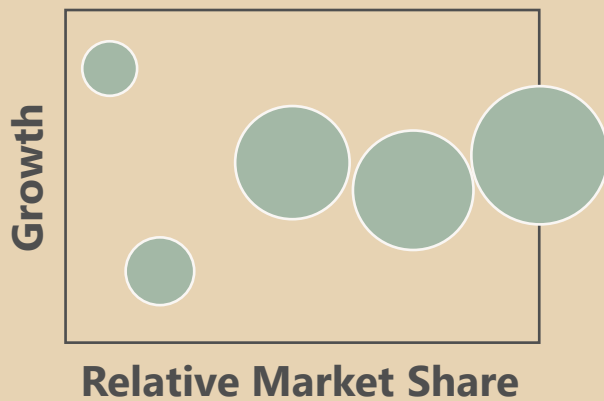
2: Consolidating



Often, market dynamics make **scale** critical, driving **industry consolidation**. Cable companies like Ziggo rolled up an entire industry.

Success favors those with the **capital** to invest in growth, a proper understanding of what drives scale, and strong M&A skills. New entrants need to **move fast**, lest growth gets too expensive.

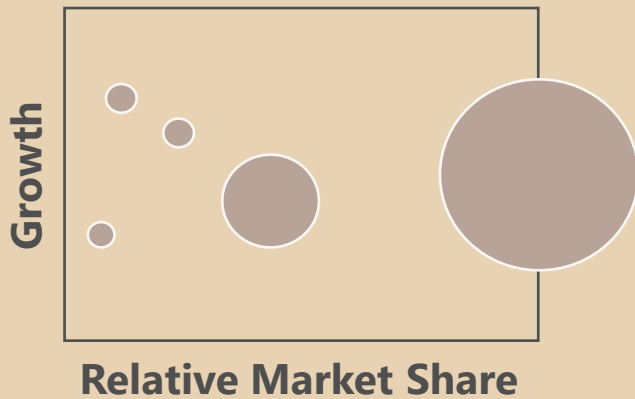
3: Mature



In this case **consolidation has played out**, but a fair number of contenders remain. Think of the European steel industry.

Here you need **cost control** to win, which explains why steel companies are hell-bent on benchmarking. Alternatively, **leverage your capabilities** into related businesses. P&G used its marketing power to move into razor blades.

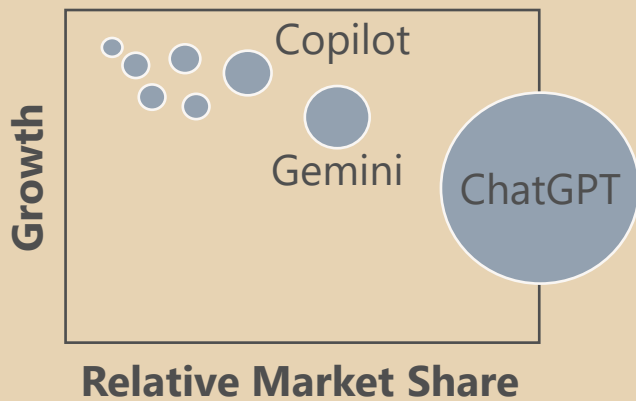
4: Dominated



In extreme cases **scale is so important** that only a few players survive. This is the case in online search where Google and Bing take 91% of all queries.

But leaders still need to be vigilant against threats such as the **emergence of new technology** and **category killers**. Alphabet has so much at stake in search that it risks substitution by gen AI bots.

5: Mix



Insights emerge even when an industry does not perfectly fit an archetype.

Generative AI itself is **dominated** by ChatGPT but **fragmenting**: DeepSeek innovates, Google and Microsoft bundle. And with much higher variable costs than search, scale effects are muted. As AI matures, we expect an **oligopoly**, just like steel.



Understanding the economics of your industry can spark ideas for new strategic options.

Emery can bring you in touch with the consultants and experts that can help give you the edge in your industry.