BMTP 6016
Strategic Management

External Analysis of Business

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Register

Where Are We Now?

Module:	Strategic Management
Week	**Lecture Topic**
1	Module Overview, Strategic Management in business operations & Assignment
2	Strategy and Theoretical Underpinnings
3	Stakeholders in Tourism, Events and Leisure
4	Internal Analysis of a Business
5	External Analysis of a Business
No class	Reading Week (2nd - 6th November 2026)
7	Strategic Leadership
8-10	Political economy, Geopolitical Dynamics, and Strategies
11-13	Module Recap, Assignment Workshop, & Assignment Submission

Today's Objectives

- Recap
- Exercise
- Discuss the external analysis of business
- Porter's Five Forces
- Case study

Learning Objective

By the end of today's lecture, you should be able to:

- Apply Porter's Five Forces model to a real-world Events and Tourism businesses.
- Analyse how industry forces affect tourism, events and leisure performance
- Identify strategic management initiatives and discuss ways a events and tourism business can maintain a competitive advantage.

Recap

What did we discuss last week?

Debate 5 minutes

Answer one question below

Is SWOT analysis still relevant in today's fast-changing business environment?

In the digital age, has SWOT analysis lost its strategic value?

Exercise 10 minutes

Events students - *refer to your case study and answer all questions*

Tourism students - *refer to case study and answer all questions*

External Analysis of Business

Today, lets discuss the **external analysis of business**.

First, what is strategic management?

Strategic Management

- Strategic management is the process of setting goals, making plans, and taking actions to help an organisation achieve its long-term objectives.
- It involves analysing the organisation's strengths and weaknesses, understanding the external environment, and making decisions that position the organisation for future success.
- It's about figuring out where the organisation wants to go, how to get there, and making sure everyone is aligned in moving toward that goal.

Why is strategic management important for organisations?

Strategic Management

To create and maintain a **competitive advantage**, businesses must carefully scan and analyse environmental factors that influence the organisation.

Without an effective environmental scanning process, an organisation operates much like one that is **blind and deaf within its business ecosystem**, unable to detect opportunities or threats - a situation that can ultimately lead to organisational decline or shutdown.

Strategic Management

Improve	Gain	Ensure
Improve decision-making: A good strategy helps leaders make smart decisions based on important facts and clear goals, instead of just reacting without thinking.	**Gain a competitive edge:** It helps businesses identify their strengths, minimise weaknesses, and capitalise on opportunities, making them more competitive in their industry.	**Ensure long-term success:** Strategic management focuses on the future, helping organisations plan for sustainable growth and avoid short-term, reactive thinking that could hurt them later.

Understanding External Analysis

External factors are beyond a firm's control and cannot be replaced or avoided.

To survive and grow, organisations must have a **well-designed approach** to adapt to these changing factors.

Effective **external analysis** helps identify opportunities and threats in the business environment.

The process typically includes:

- **Scanning -** detecting early signs of change or trends.
- **Monitoring -** tracking key environmental developments.
- **Forecasting -** predicting future changes and their impact.
- **Assessing -** evaluating how these factors affect the organisation's strategy.

Analysing the External Business Environment

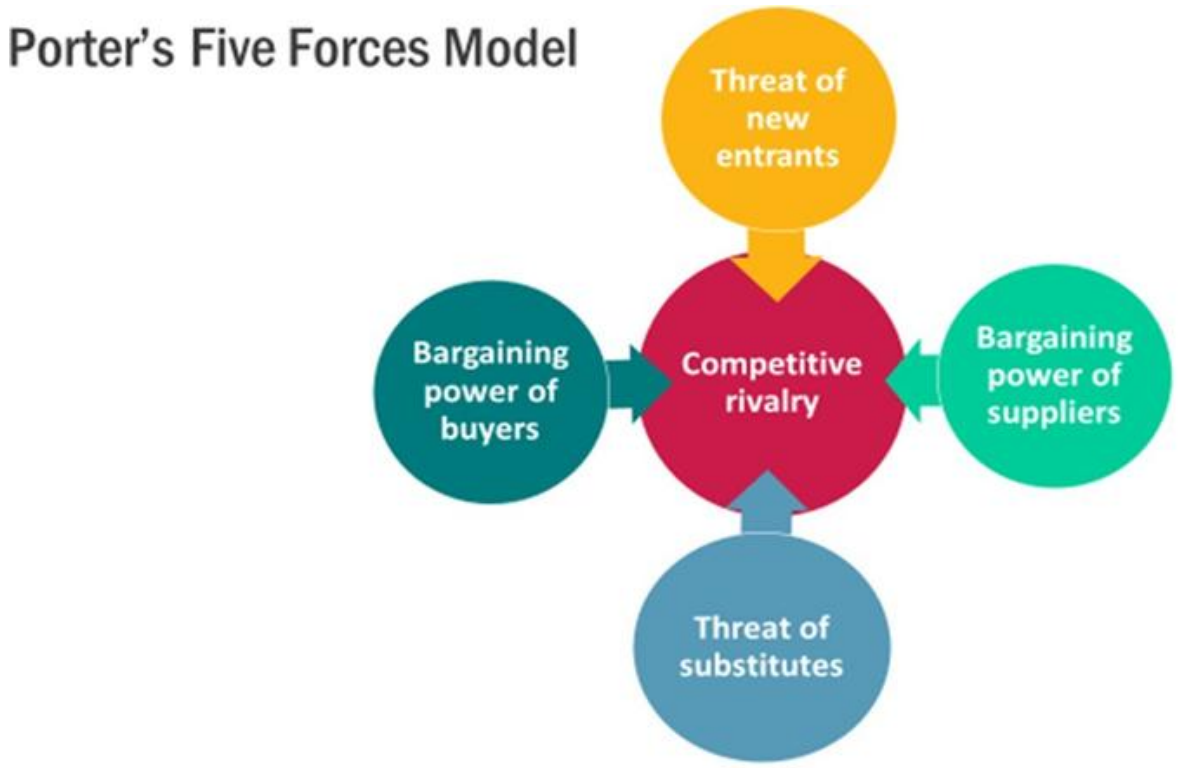
There are several **frameworks** used to analyse a business from an **external perspective**.

Common examples include:
PESTEL Analysis - examines Political, Economic, Social, Technological, Environmental, and Legal factors.

Porter's Five Forces - analyses the level of competition and profitability within an industry.

In this session, our focus will be on Porter's Five Forces.

Porter's Five Forces



A tool used to analyse the environment/ level of competition for a business

It helps determine a business's attractiveness and profitability

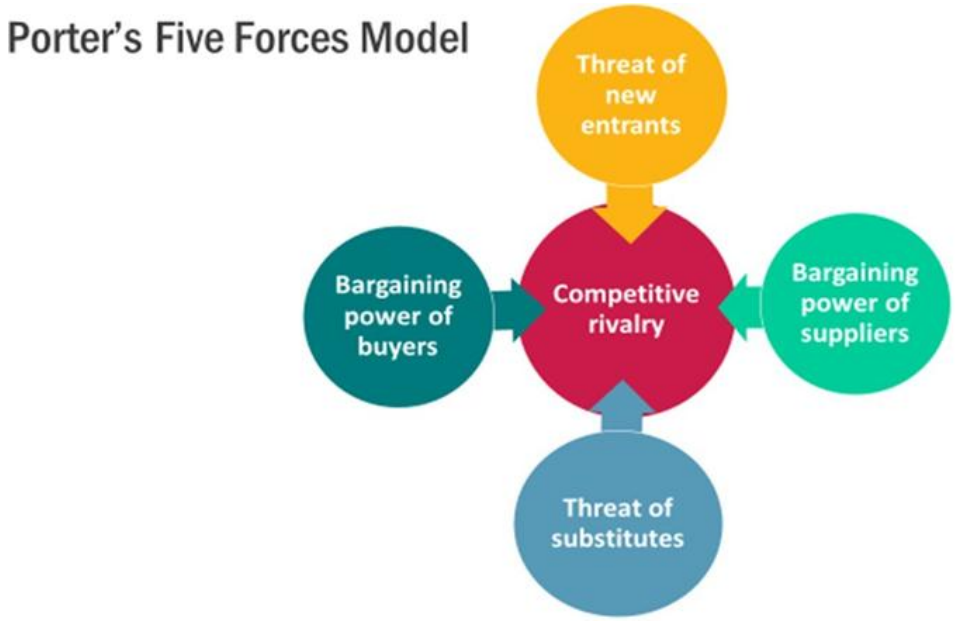
Threat of new entrants

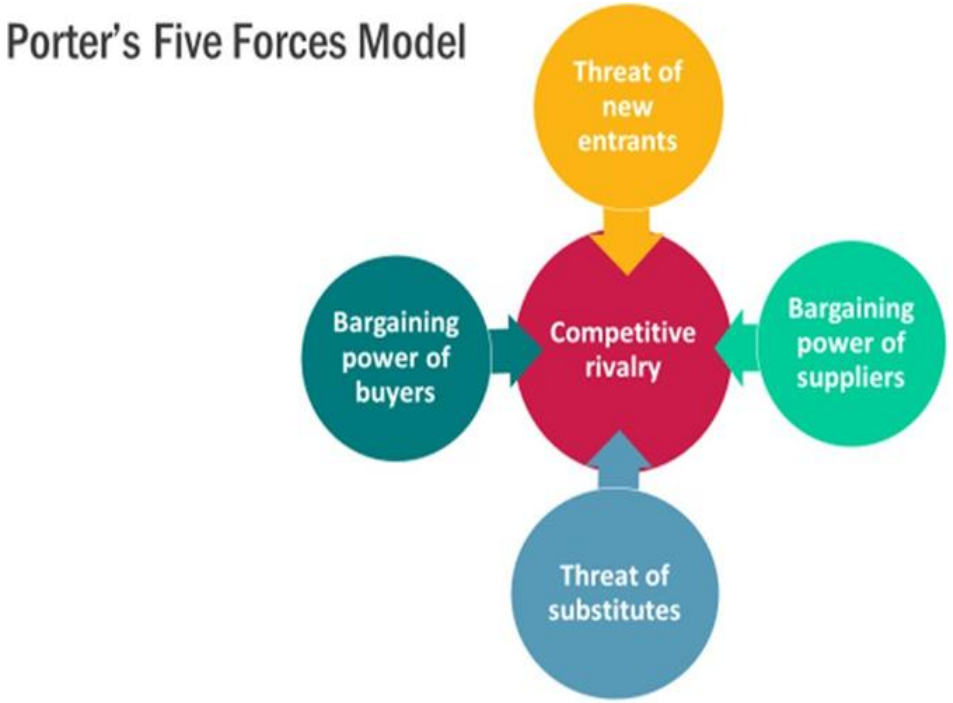
- This looks at the threat of new competitors entering the market
- New competitors will enviably gain some market share
- Rivalry will intensify
- This is less likely to occur if an industry has 'high barriers of entry' (*e.g. it is hard to set up a business in that market)*

Barriers to Entry

How easy or difficult is it to set up a new business in that industry.
This can be determined by:

- Investment costs or capital required
- Regulation or legal restrictions
- Buying power of current firms in that market
- Access to suppliers or distribution channels
- How well you can differentiate your product





Bargaining power of Suppliers

This is looking at the level of 'power' the supplier has over the business

- A high level of power would lead to suppliers increasing their prices as they know the business will make it

- Higher power often come from there being very little alternatives for the business to choose from so they are reliant on that supplier

Bargaining power of Buyers

If the buyer has more power over the suppliers, it will often result in the supplier lowering the price

e.g. Large supermarkets will have big buying power of their suppliers

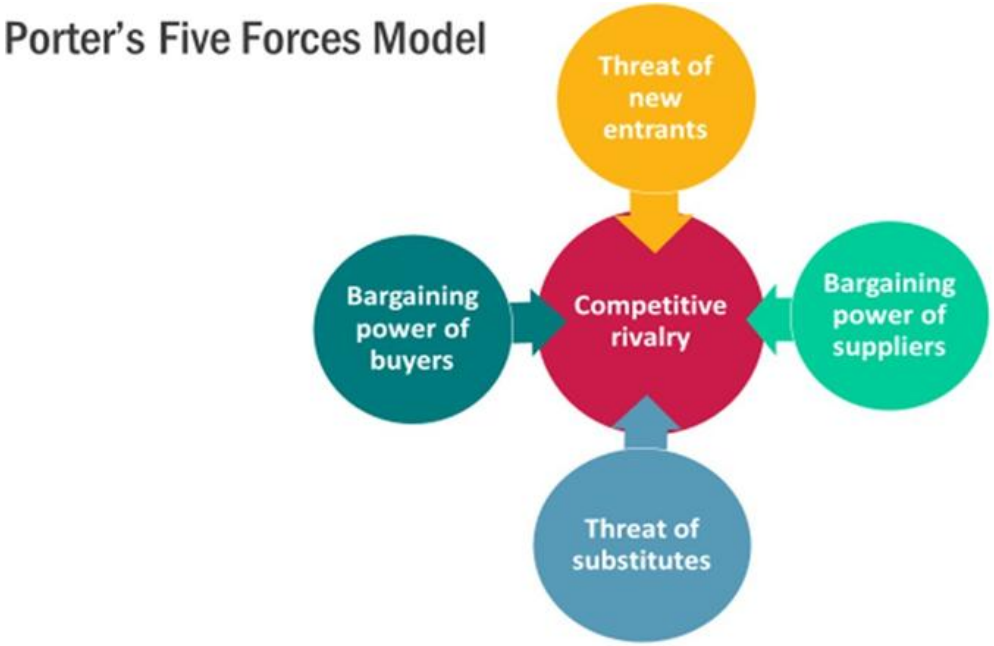
Threat of substitute products

This refers to how many other products are there in the market that meet the same need

Substitute products can be produced in different industries but still satisfy customer needs
e.g. If an airline is too expensive , a customer might get the train which will still get them to the destination and cause the airline to lose a customer

The threat of substitutes can limit the prices charged by a firm because they need to remain as competitive as possible

Businesses can rely on customer loyalty here to ensure customers 'do not switch'



Competitive rivalry

Competitive rivalry refers to **how intensely firms compete within an industry** industry-how strongly firms compete for market share and customers. High rivalry can limit profitability but also drive innovation. Key factors to consider include:

Market structure: Whether the industry is fragmented or dominated by a few large firms.

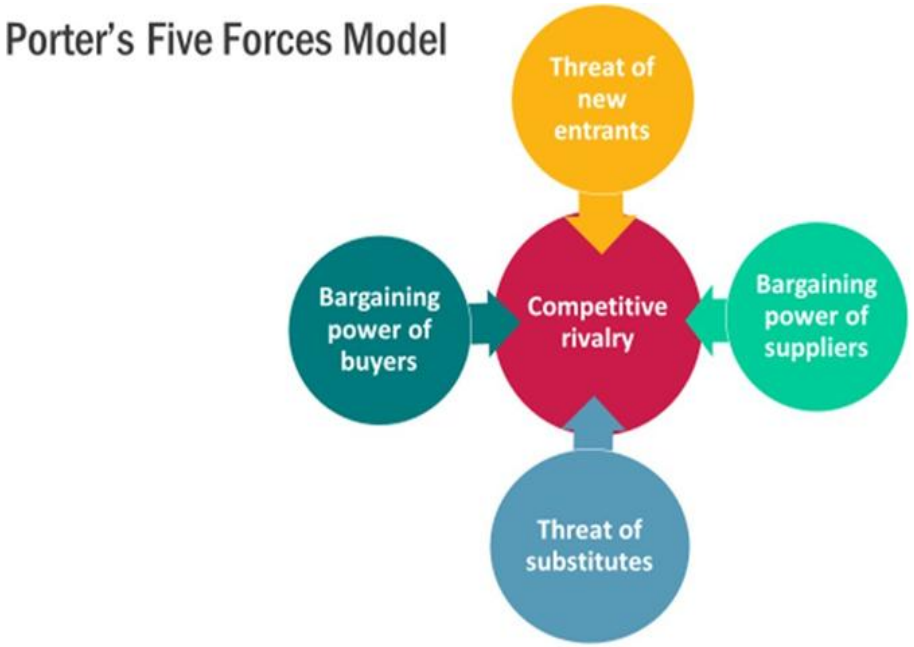
Market growth: Whether the industry is growing rapidly or in a slow, mature phase.

Product differentiation: The extent to which products are unique or customers can easily switch to competitors.

Costs and exit barriers: High fixed costs or exit barriers that keep firms competing aggressively.

Mergers and acquisitions: Competitors gaining power or market share through consolidation.

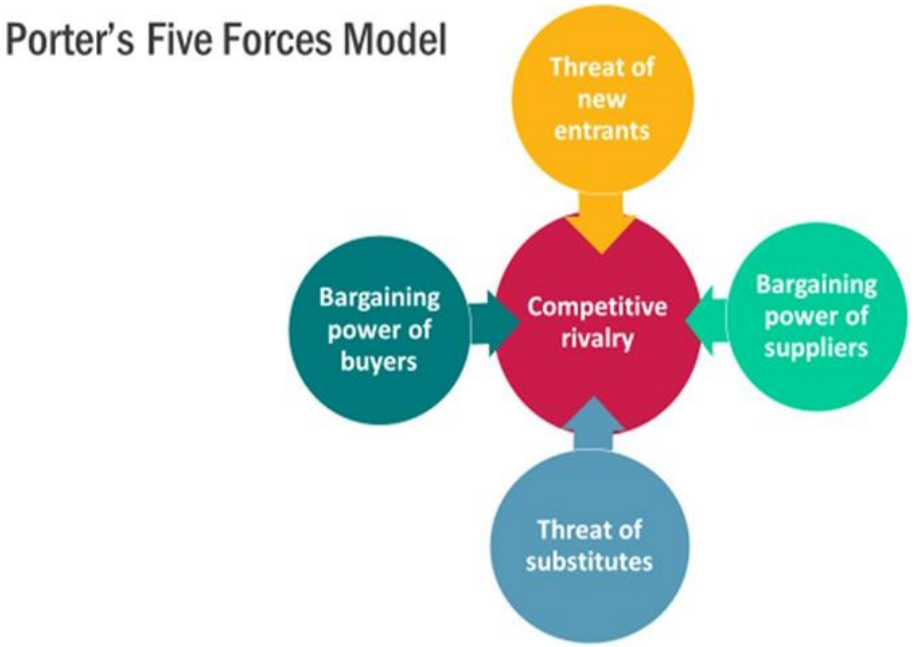
Global dynamics: International competition creating new opportunities or threats.



Competitive rivalry

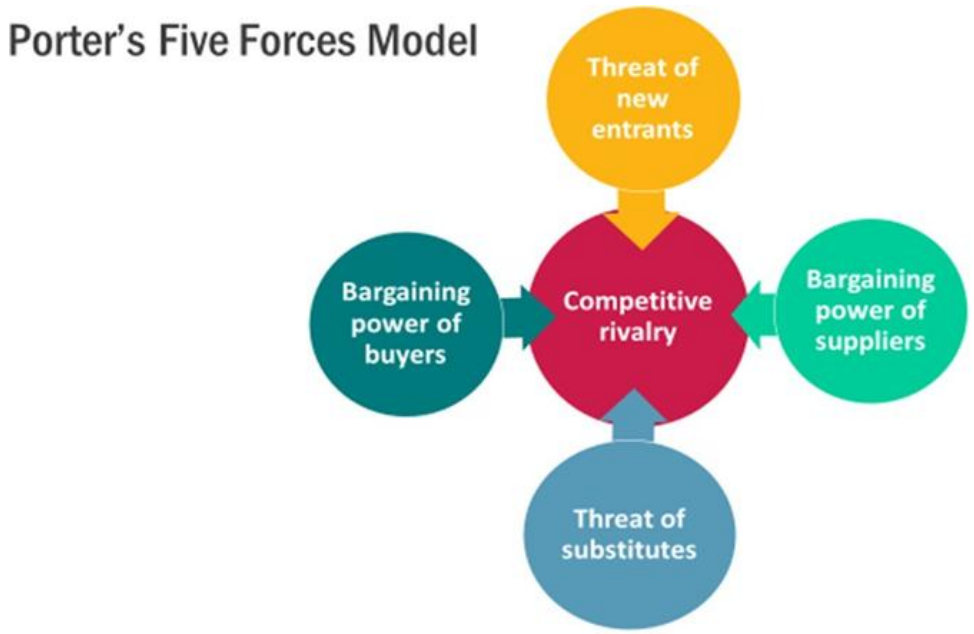
Think about the implication of each statement below in terms of rivalry among existing competitors

- If there are many companies in the industry
- A slow-growing industry
- A fast-growing industry
- If products or services are very similar and not easily distinguished from one another



Why is this important for strategy?

- It can help a firm identify the attractiveness of a certain industry
- Evaluate investment options
- Assess the level of competitive within the market
- Make the decision on 'where to next'
- Lead to changes to be made on certain products or services



Coffee Break

20 minutes

Porter's Five Forces

Class Activity (30 minutes): Carefully research the following tourism and tourism business organisations and apply Porter's Five Forces in analysing them.

Tourism students:

1. Jet2holidays: https://www.jet2holidays.com/
2. Based on Porter's Five Forces analysis, identify the main reasons why Thomas Cook collapsed in 2019

Events Students:

1. Eventurous Ltd: https://www.eventurous.co.uk
2. AOK Events: https://www.aokevents.com/

Group Task:

Step 1: Discuss each of the Porter's Five Forces in relation to each events' business organisation (for events students) and tourism's business organisations (for tourism students).

Step 2: Identify **one key opportunity and one main threat** for the company.

Step 3: Present your findings in a 15-minute summary to the class.

Guide

1. Competitive Rivalry - High

Competitors like …..

2. Threat of New Entrants - Moderate to High
3. Bargaining Power of Suppliers – Moderate
4. Bargaining Power of Buyers - High

Customers have many options. Price sensitivity is common, and consumers can easily switch to competitors.

5. Threat of Substitutes - High

Consumers can easily substitute contracting these business organisations with solo travels and organisations.

Case Studies

See next slides

Event Students Discussion and Presentation 50 mins

The International Government Relations & Political Campaigns Forum is scheduled to take place in Washington, DC in March 2026. The event will bring together political leaders, campaign strategists, policymakers, media representatives, academics, and international delegates to discuss global governance, diplomacy, and political campaigning in a rapidly changing world.

As a strategic event consultant, you have been commissioned to develop a strategic management analysis for the event organisers.

Assignment Task

Critically evaluate the strategic planning and management considerations required to successfully deliver the International Government Relations & Political Campaigns Forum in Washington, DC.

Your analysis should:

1. Conduct a PESTLE or Porter's Five Forces analysis of the external environment influencing the event.
2. Identify and evaluate key stakeholders and their potential interests and power.
3. Assess potential political, reputational, and security risks, and propose mitigation strategies.
4. Develop strategic recommendations to ensure the event achieves its objectives while maintaining political neutrality, safety, and international credibility.
5. Reflect on the role of location (Washington, DC) as a strategic host destination for a politically sensitive global forum.

Tourism Students Discussion and Presentation 50mins

Times Square is one of the most iconic and visited tourist attractions in the world, attracting millions of domestic and international visitors annually. Known for its digital billboards, entertainment venues, retail outlets, and cultural significance, it plays a vital role in New York City's tourism economy. However, it also faces challenges related to overcrowding, safety, commercialisation, sustainability, and destination image management.

You have been appointed as a strategic tourism consultant to advise the Times Square Alliance on ensuring the long-term sustainability and competitiveness of Times Square as a global tourist destination.

Assignment Task

Critically evaluate the strategic management challenges and opportunities facing Times Square as a major urban tourism destination in the USA.

Your analysis should:

1. Conduct a PESTLE or Porter's Five Forces analysis to examine the external factors influencing Times Square.
2. Assess the external opportunities and threats.
3. Identify key stakeholders and evaluate their influence on destination management.
4. Analyse issues relating to overtourism, sustainability, and destination image.
5. Provide strategic recommendations to enhance long-term competitiveness and responsible tourism management.

Recap

What did we discuss today?

Recap

What did we discuss today?

- ✓ Understanding external analysis of a business
- ✓ Porter's Five Forces
- ✓ Applying Porter's Five Forces in a real word business situation

Any Questions?

Announcement

No Strategic Management class on **Reading Week: Monday 2nd - Friday 6th November 2026**

Lecture resume: Tuesday 10th November 2026

Thank You For Joining

Enjoy Your Break!

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