

International Conference  
on Industrial Engineering and Systems Management

**IESM' 2009**

May 13 - 15, 2009

MONTREAL - CANADA

---

# Market attractiveness index: a decision analysis technique for market assessment

---

## *Abstract*

Today, organizations suffer a tremendous pressure to become more agile, efficient, profitable and dynamic. The market presents itself as an area of severe competition, where the margin between success and failure is becoming tenuous.

The question is whether the organizational success, is only the result of chance or luck, or if it might be based on rigorous analysis methods, which help the organization to take a broader view of the market and of its components, allowing a more aligned and focused behaviour to market changes. The organization needs, therefore, to find new ways to differentiate and improve organizational performance. The solution being proposed is to compile key information, in the form of indicators, in order to calculate Market Attractiveness Indices. These, hopefully, will enable quick and easy market assessment, speeding the process of decision, the strategic alignment with the market, and enhancing the discovery of unnoticed opportunities.

*Key words: Decision Analysis; Strategic Planning; Market Attractiveness Index, Multiple Indicators*

---

## **1 Introduction**

Nowadays, the organizational mechanisms of differentiation are increasingly demanding and complex, and the margin between success and failure is becoming more tenuous. The organizational resources are limited, and often misaligned with the organizational objectives, so it is of enormous importance to allocate them in the right places, where they can make the difference and so potentiate the organizational performance.

The market study in broad spectrum, its rhythm, vicissitudes and opportunities always generated enormous interest among academics and professionals. However, this interaction between the organization and the market, works out dynamically. So, reaching these purposes requires ability to measure the market oscillations, analysing the critical information obtained, readjusting the strategic plan with the lessons learned and conferring it some flexibility to be able to rapidly respond to the market. Usually, the better this development process gets, the greater performance the organization attains, increasing their results. [1]

The market analysis of each firm is, in a certain way, unique, and it is, intrinsically, influenced by its own existing resources and information gathering, as well as its ability to monitor the performance and behaviour of other firms. The more distinct and focused is the vision of the firm, the more likely will be to discover, and be aware of, valuable opportunities that can, at least, create a temporary advantage for the firm that recognized the opportunity. [2]

What kind of information should a firm collect to understand its strategic positioning?

Is the discovery of a business opportunity only achieved through luck or 'serendipity', or has it something to do with the market monitoring for defining a specific strategic positioning [3][4], or even an analysis of resources and capabilities which translates into a strategic decision? [5][6]

We believe that it is not just luck, but a joined effort towards achieving some competencies such as alertness and flexibility.