

TABLE 5.3 Industry Structure and Opportunities

Industry Type	Industry Characteristics	Opportunities	Examples of Entrepreneurial Firms Exploiting These Opportunities
Emerging industries	Recent changes in demand or technology; new industry standard operating procedures have yet to be developed	First-mover advantage	<ul style="list-style-type: none"> ■ Brain Sentry's device to help detect sports-related concussions ■ Windspire in small-scale wind-generated power ■ Buzzy's procedure that helps relieve the pain and anxiety associated with getting a shot
Fragmented industries	Large number of firms of approximately equal size	Consolidation	<ul style="list-style-type: none"> ■ Chipotle Mexican Grill in fast-casual restaurants ■ 1-800-GOT-JUNK? in junk removal ■ Modcloth in women's clothing
Mature industries	Slow increases in demand, numerous repeat customers, and limited product innovation	Process and after-sale service innovation	<ul style="list-style-type: none"> ■ Justin's in peanut butter ■ Pure Fix Cycles in bicycles ■ Flings Bins in trash bags
Declining industries	Consistent reduction in industry demand	Leaders, niche, harvest, and divest	<ul style="list-style-type: none"> ■ Nucor in steel ■ JetBlue in airlines ■ Cirque du Soleil in circuses
Global industries	Significant international sales	Multinational and global	<ul style="list-style-type: none"> ■ PharmaJet in needleless injection systems ■ d.light in solar-powered lanterns

Emerging Industries

An **emerging industry** is a new industry in which standard operating procedures have yet to be developed. The firm that pioneers or takes the leadership of an emerging industry often captures a first-mover advantage. A **first-mover advantage** is a sometimes insurmountable advantage gained by the first company to establish a significant position in a new market.

Because a high level of uncertainty characterizes emerging industries, any opportunity that is captured may be short-lived. Still, many new ventures enter emerging industries because barriers to entry are usually low and there is no established pattern of rivalry.

Fragmented Industries

A **fragmented industry** is one that is characterized by a large number of firms of approximately equal size. The primary opportunity for start-ups in fragmented industries is to consolidate the industry and establish industry leadership as a result of doing so. The most common way to do this is through a **geographic roll-up strategy**, in which one firm starts acquiring similar firms that are located in different geographic areas.¹⁵ This is an often observed path for growth for businesses such as auto repair shops and beauty salons. It is difficult for them to generate additional income in a single location, so they grow by expanding into new geographic areas via either organic growth or by acquiring similar firms.

Mature Industries

A **mature industry** is an industry that is experiencing slow or no increase in demand, has numerous repeat (rather than new) customers, and has limited product innovation. Occasionally, entrepreneurs introduce new product