

Eleonora Escalante, MBA-MEng

Strategic Corporate Advisory Services
Creating Corporate Integral Value (CIV)

Life Cycle Curve varies with the industry



→ Leg 5. From Hong Kong to Guangzhou

OUTLINE Leg 5. The Industry Evolution - Life Cycle Model

01
The Life Cycle Model
Introduction



02
Drivers of Industry Evolution



03
How Industries evolve?



04
Life Cycle varies according to the type of Industry



05
Structure, Competition and Success Factors over the Life Cycle

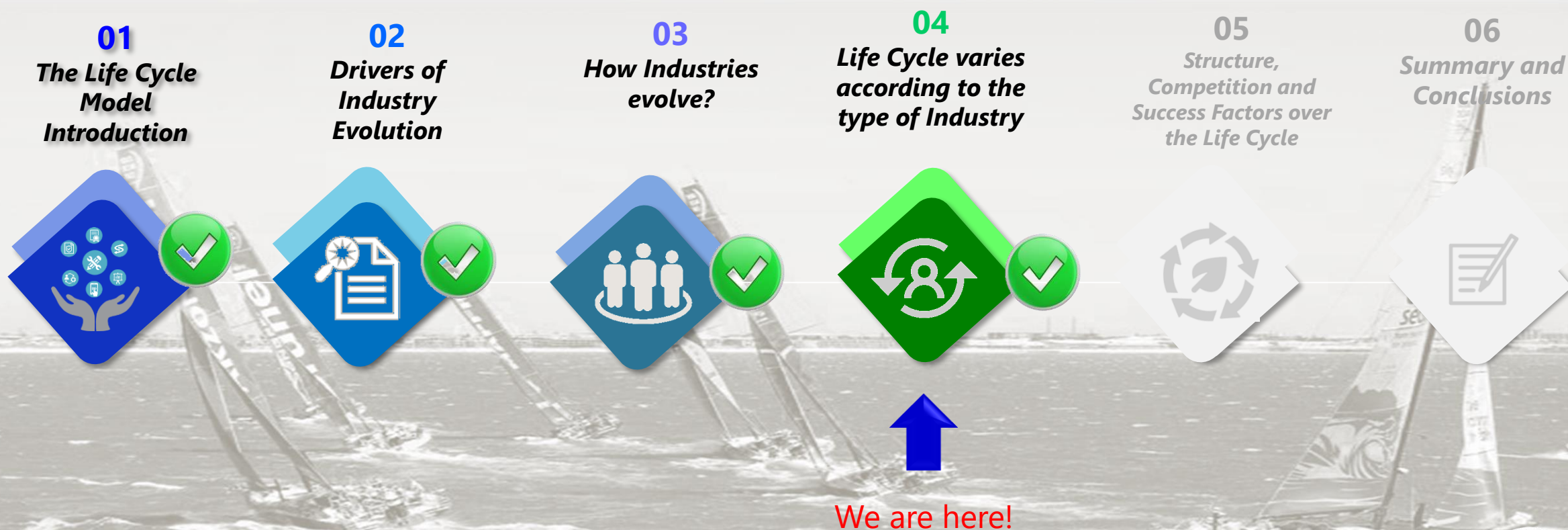


06
Summary and Conclusions



→ Leg 5. From Hong Kong to Guangzhou

OUTLINE Leg 5. The Industry Evolution - Life Cycle Model



→ Leg 5. From Hong Kong to Guangzhou

Life Cycle Curve varies with the industry

04

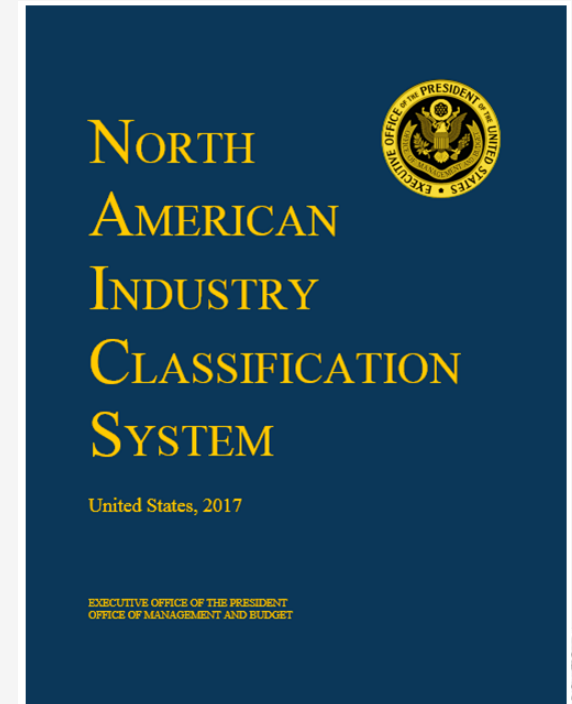
Life Cycle varies according to the type of Industry



We are here!

In the USA, The "North American Industry Classification System" or NAICS is used by business and government to classify business establishments according to type of economic activity (process of production) in Canada, Mexico, and the United States of America.

- The NAICS system has classified 20 economic sectors, each of them divided in subsectors. Each subsector has industry groups (many industries grouped under it). Not all the life-cycle curves are the same for all these industries.
- NAICS uses a six-digit coding system to identify particular industries and their placement in this hierarchical structure of the classification system. The first two digits of the code designate the sector, the third digit designates the subsector, the fourth digit designates the industry group, the fifth digit designates the NAICS industry, and the sixth digit designates the national industry.
- The NAICS is under the Executive Office of the President of the United States Office of Management and Budget, through its Economic Classification Policy Committee.



→ Leg 5. From Hong Kong to Guangzhou

Life Cycle Curve varies with the industry

04

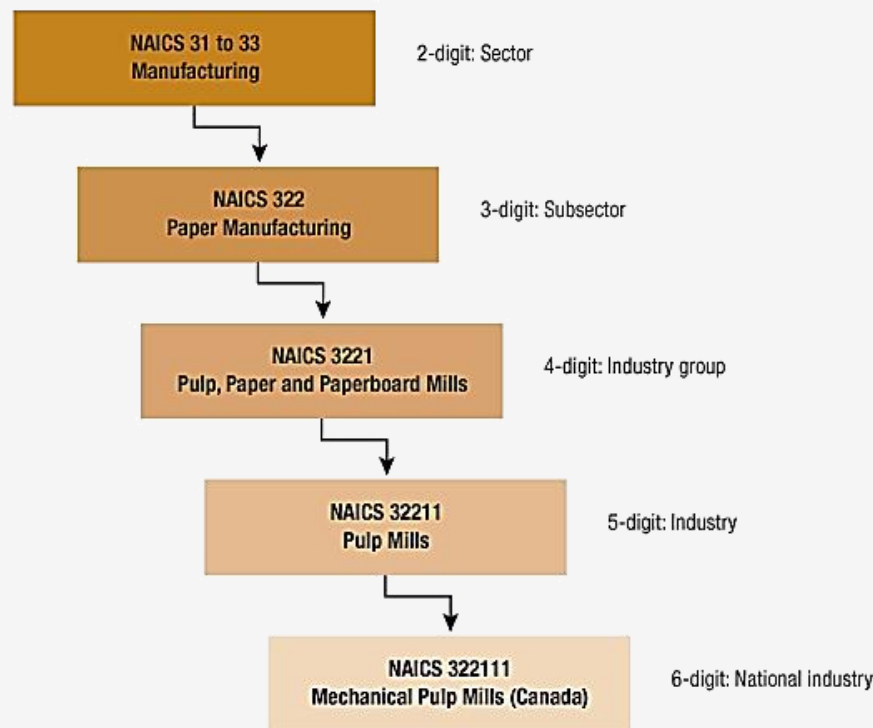
Life Cycle varies according to the type of Industry



We are here!

In the USA, The " North American Industry Classification System" or NAICS is used by business and government to classify business establishments according to type of economic activity (process of production) in Canada, Mexico, and the United States of America.

Figure B.1 Example of NAICS code designation



→ Leg 5. From Hong Kong to Guangzhou

Life Cycle Curve varies with the industry

04

Life Cycle varies according to the type of Industry



We are here!

The US " North American Industry Classification System" or NAICS structure (2017) has 20 economic sectors, each of them has subsectors. Each subsector has several industry groups. And under each industry group, NAICS has classified specific industries.

- The type of curve varies from industry to industry, from country, region or worldwide.
- The duration of the various phases of the life cycle varies considerably from industry to industry.
- The patterns of industry evolution are far from uniform.

Sector	Name	Subsectors (3-digit)	Industry Groups (4-digit)	NAICS Industries (5-digit)	6-digit Industries		
					U.S. Detail	Same as 5-digit	Total
11	Agriculture, Forestry, Fishing and Hunting	5	19	42	32	32	64
21	Mining, Quarrying, and Oil and Gas Extraction	3	5	11	24	4	28
22	Utilities	1	3	6	10	4	14
23	Construction	3	10	28	4	27	31
31-33	Manufacturing	21	86	180	265	95	360
42	Wholesale Trade	3	19	71	0	71	71
44-45	Retail Trade	12	27	57	17	49	66
48-49	Transportation and Warehousing	11	29	42	25	32	57
51	Information	6	11	25	12	19	31
52	Finance and Insurance	5	11	31	15	26	41
53	Real Estate and Rental and Leasing	3	8	17	11	13	24
54	Professional, Scientific, and Technical Services	1	9	35	20	29	49
55	Management of Companies and Enterprises	1	1	1	3	0	3
56	Administrative and Support and Waste Management and Remediation Services	2	11	29	25	19	44
61	Educational Services	1	7	12	7	10	17
62	Health Care and Social Assistance	4	18	30	16	23	39
71	Arts, Entertainment, and Recreation	3	9	23	3	22	25
72	Accommodation and Food Services	2	6	10	8	7	15
81	Other Services (except Public Administration)	4	14	30	30	19	49
92	Public Administration	8	8	29	0	29	29
	Total	99	311	709	527	530	1057

→ Leg 5. From Hong Kong to Guangzhou

Life Cycle Curve varies with the industry

04

Life Cycle varies according to the type of Industry



We are here!

Let 'see a first example: the smartphones industry. NAICS has classified the Smartphones under the code 334220. What is the meaning of that code?

Sector 31-33: Manufacturing

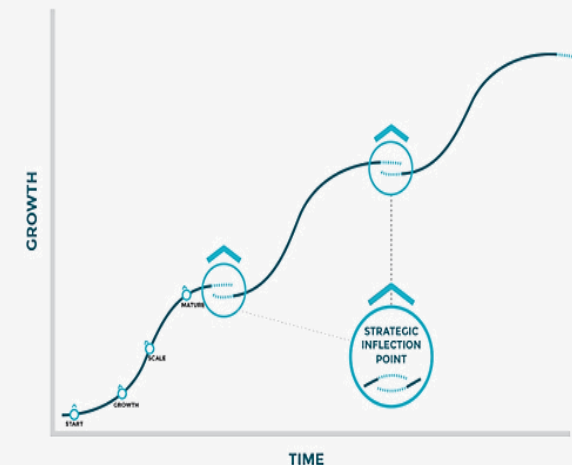
Subsector 334: Computer and Electronic Product Manufacturing

Industry Group 3342: Communications Equipment Manufacturing

Specific Industry 334220: Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing
Product: Smartphones.

This industry comprises establishments primarily engaged in manufacturing radio and television broadcast and wireless communications equipment. Examples of products made by these establishments are transmitting and receiving antennas, cable television equipment, GPS equipment, pagers, cellular phones, mobile communications equipment, and radio and television studio and broadcasting equipment.

SUCCESSFUL S-CURVE OF GROWTH
(A CLOSER LOOK)



Sustainable growth follows an S-Curve.
Graph Source: <https://beintheknow.co/sustainable-growth/>



→ Leg 5. From Hong Kong to Guangzhou

Life Cycle Curve varies with the industry

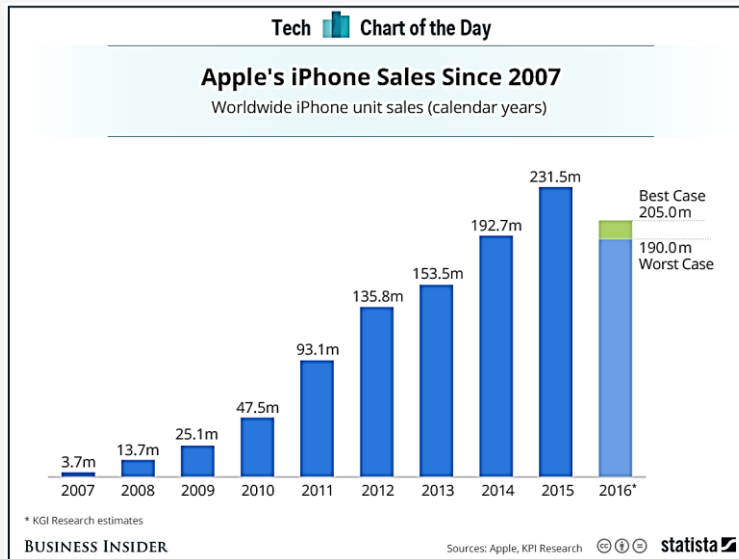
04

Life Cycle varies according to the type of Industry

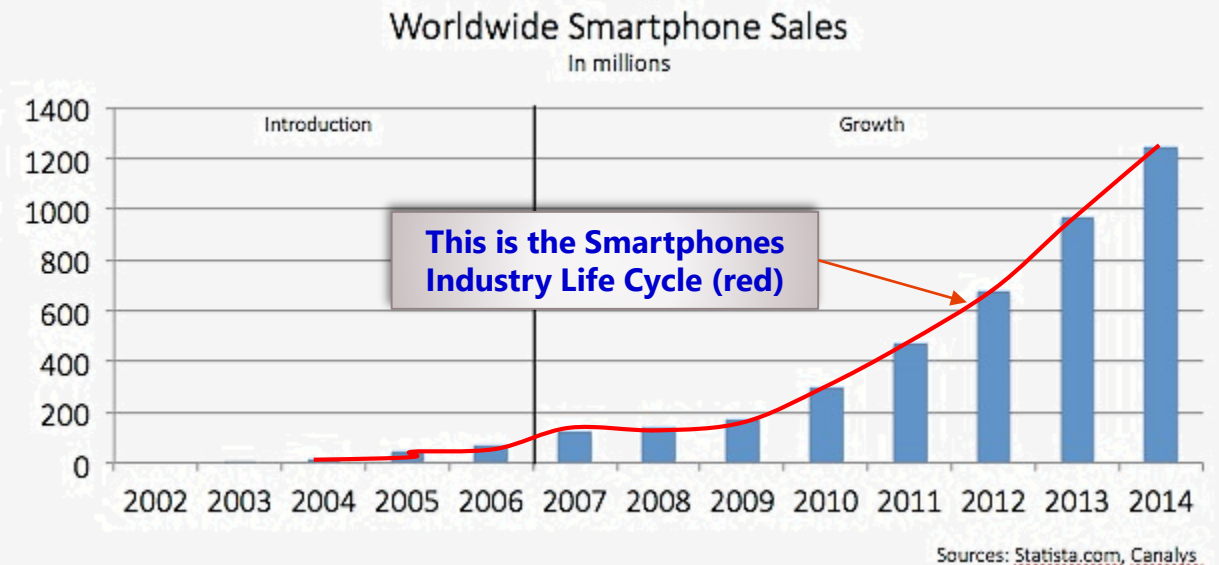


We are here!

Let 'see a first example: the smartphones industry life cycle curve:



This is not the Smartphones Industry Life Cycle, it is **one** company Life-Cycle Curve (Apple's iPhone)



→ Leg 5. From Hong Kong to Guangzhou

Life Cycle Curve varies with the industry

04

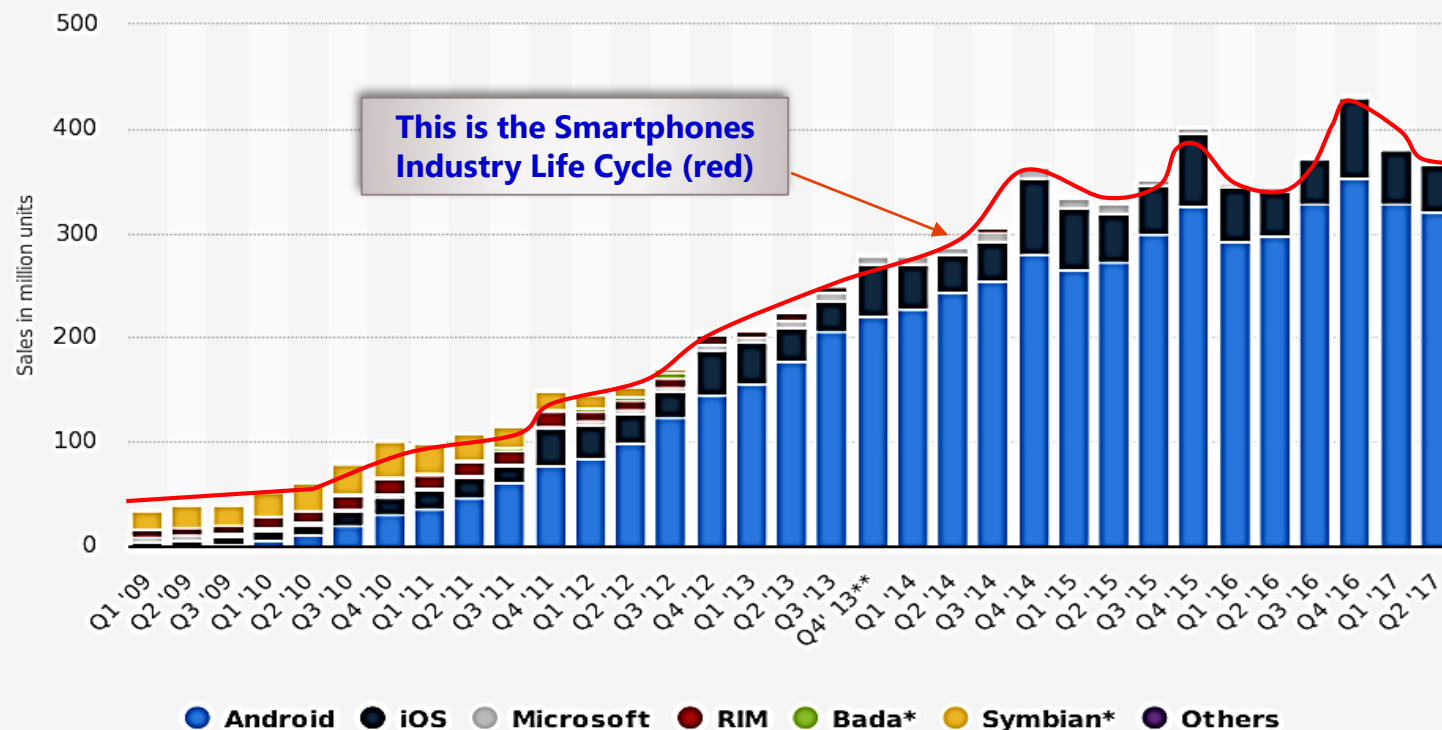
Life Cycle varies according to the type of Industry



We are here!

Let 'see a first example: the smartphones industry life cycle curve:

Global smartphone sales to end users from 1st quarter 2009 to 2nd quarter 2017, by operating system (in million units)



Source
Gartner
© Statista 2017

Additional Information:

Worldwide; Gartner; 1st quarter 2009 to 2nd quarter 2017
Eleonora Escalante MBA-MEng, Strategic Corporate Advisory Services
© 2017 Eleonora Escalante-all rights reserved



→ Leg 5. From Hong Kong to Guangzhou

Life Cycle Curve varies with the industry

04

Life Cycle varies according to the type of Industry



We are here!

Let 'see a second example: the drones Industry.

Sector 31-33: Manufacturing

Subsector 336: Transportation

Equipment Manufacturing

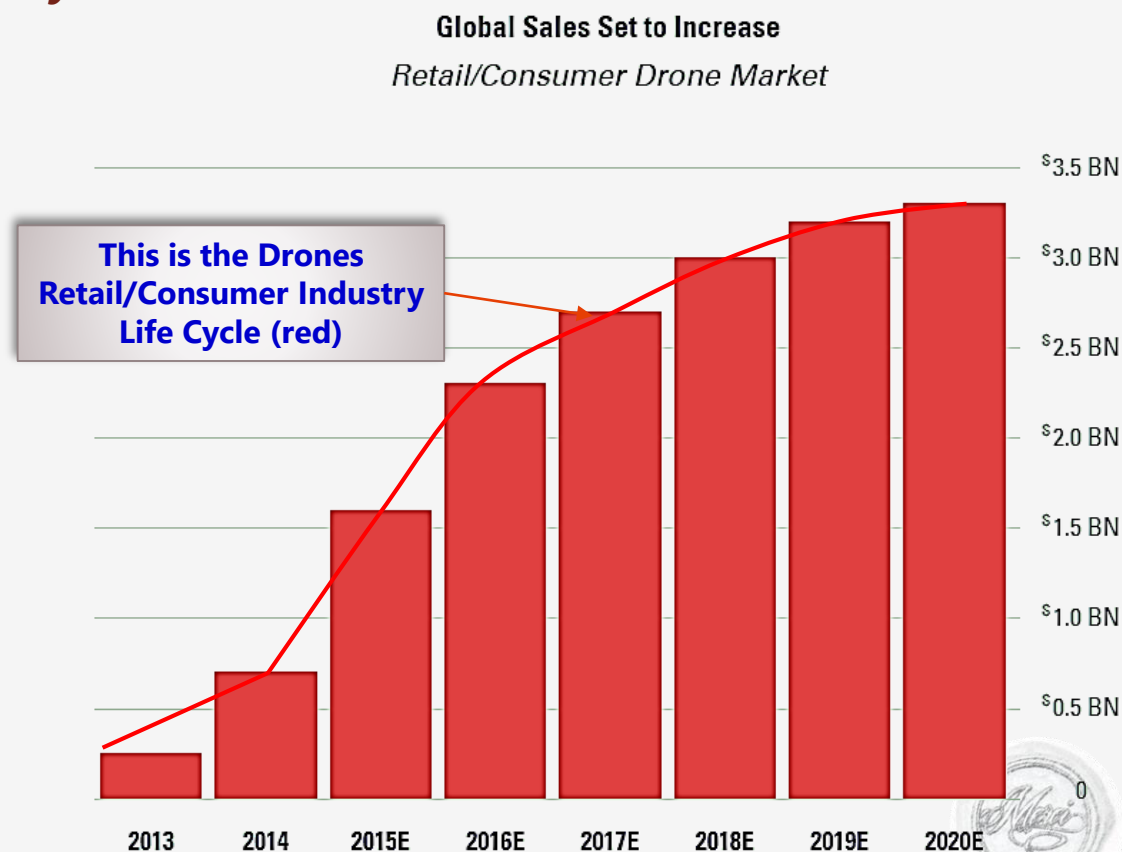
Industry Group 3364: Aerospace

Products and Parts Manufacturing

Specific Industry 33641: Aerospace

Products and Parts Manufacturing

Product: Target drones



Source: Goldman Sachs Research

→ Leg 5. From Hong Kong to Guangzhou

Life Cycle Curve varies with the industry

04

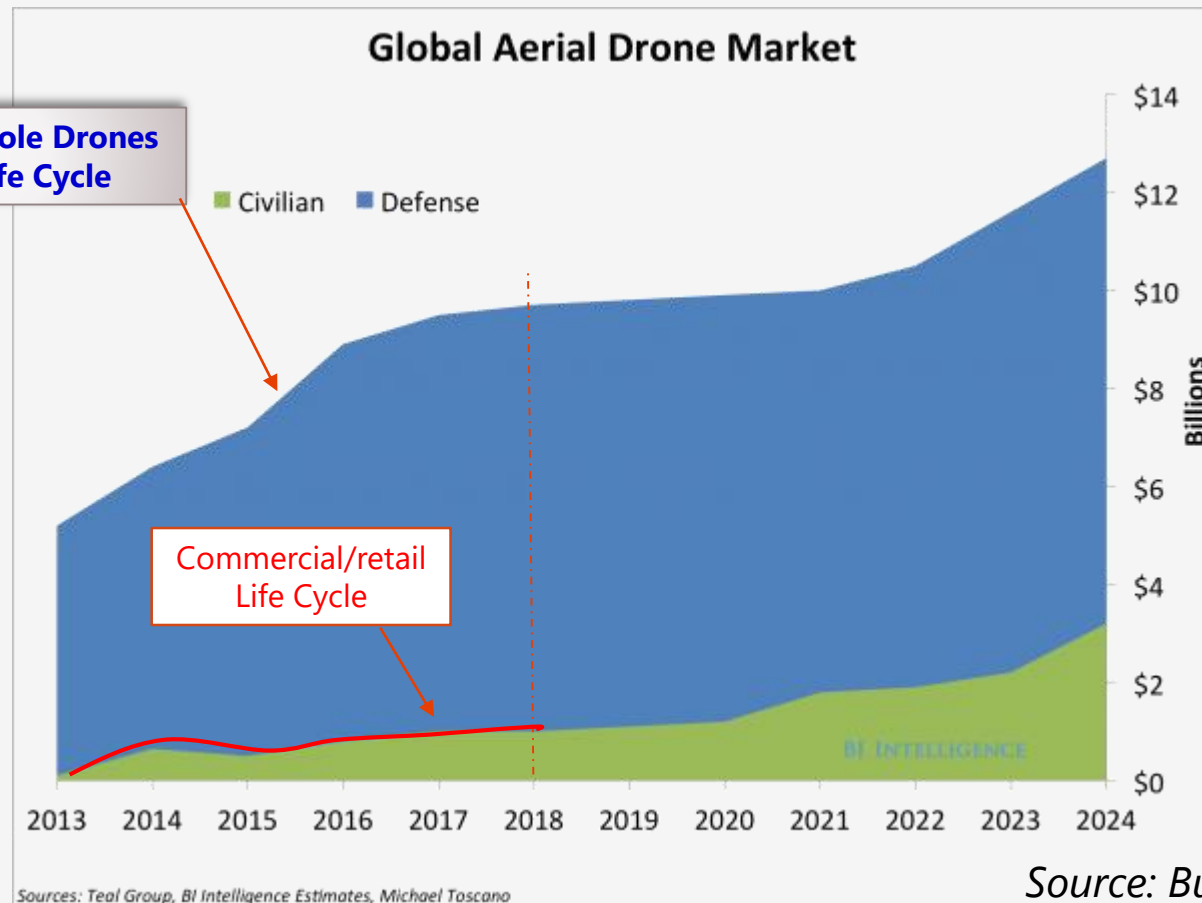
Life Cycle varies according to the type of Industry



We are here!

Let 'see a second example: the drones Industry.

This is the Whole Drones Industry Life Cycle



Source: Business Insider



→ Leg 5. From Hong Kong to Guangzhou

Life Cycle Curve varies with the industry

04

Life Cycle varies according to the type of Industry

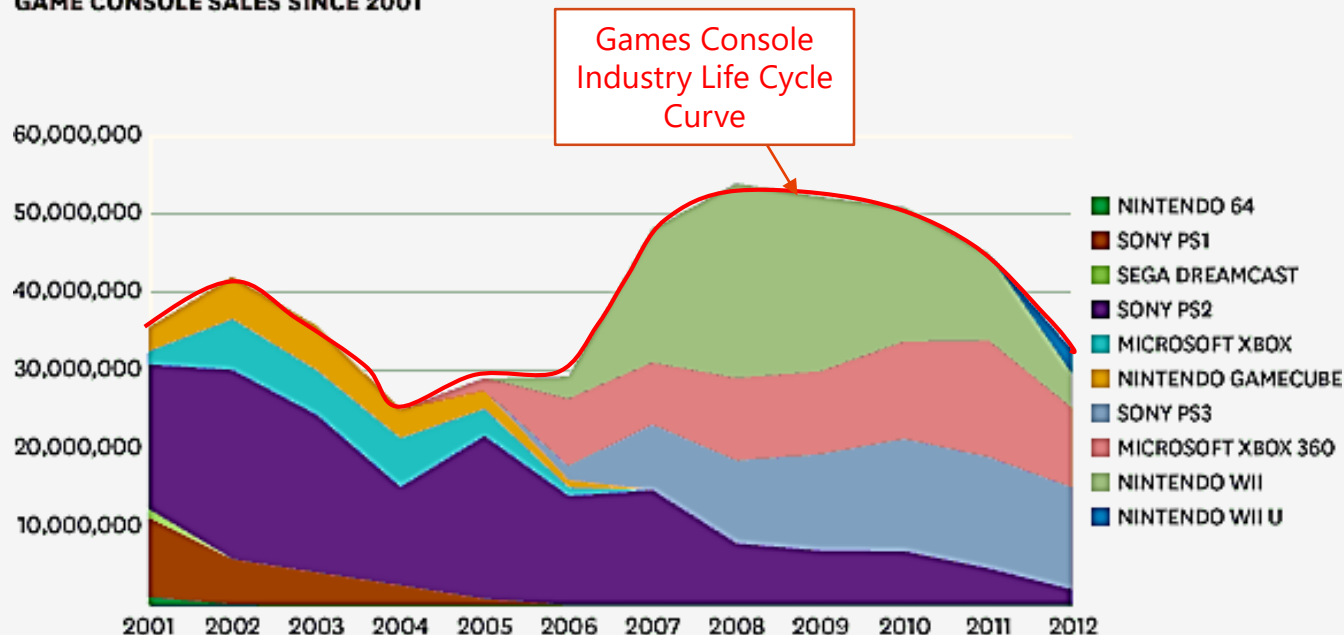


We are here!

Let 'see a third example: Games Console

Sector 31-33: Manufacturing
Subsector 339: Miscellaneous Manufacturing
Industry Group 3399: Other Miscellaneous Manufacturing
Specific Industry 339930: Doll, Toys and Game Manufacturing
Product: Game Consoles

GAME CONSOLE SALES SINCE 2001



SOURCE IDC



→ Leg 5. From Hong Kong to Guangzhou

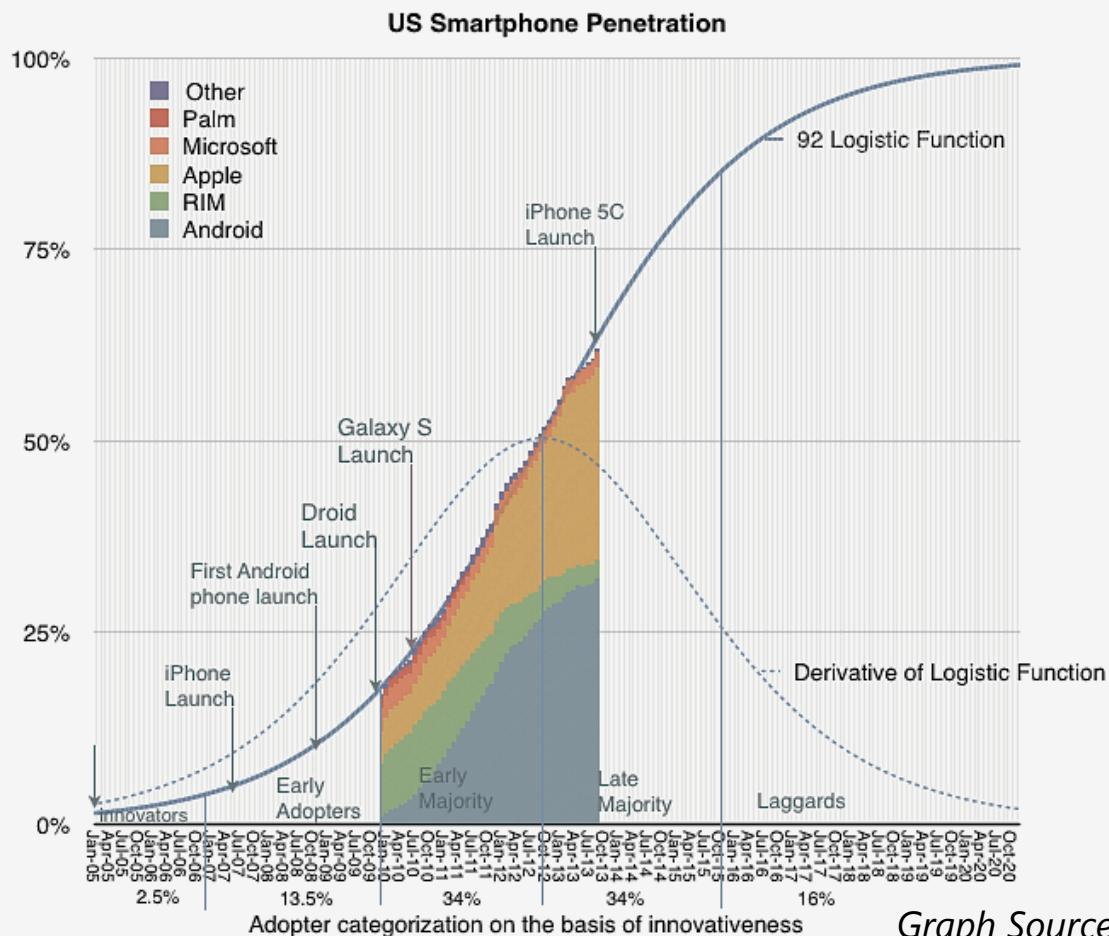
Life Cycle Curve varies with the industry

04

Life Cycle varies according to the type of Industry



We are here!



Graph Source: <http://www.asymco.com/>

Thank you!

