Business opportunity analysis – Do we do justice to business attractiveness or just focus on market analysis?

The big picture: what is MABA analysis?

A MABA analysis compares the relative market attractiveness (MA) of a business activity or product-market combination with business attractiveness (BA), as determined by the ability to operate in a specific product-market combination. The MABA matrix is a useful tool for making decisions related to the business portfolio. Market attractiveness is determined by external indicators such as: profit margins; the size of the market; market growth (expectations); concentration; stability; and competitiveness.

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MA is determined by external indicators such as profit margins; the size of the market; market growth (expectations); concentration; stability; and competitiveness.

BA is measured largely by company-related indicators, such as the extent to which the product-market combination, market segment or business activity is a logical match with the company’s current products, services, activities or competencies.

When to use it

The MABA analysis is used to analyse and indicate new business opportunities. The position of a company in the value chain or network of suppliers and customers is also of importance. Is the company able to benefit from economies of scale or other synergetic efforts by taking on a particular alternative product-market combination?

Note: By using a bubble instead of a dot, one may indicate the (relative) size of a market. Additionally or alternatively, a slice of the pie could indicate the market share of the company.
How to use it

The first step in a MABA analysis is to decide which indicators are deemed important in determining the two dimensions of attractiveness, and how relatively important they are (weighting). The second step is to define the product-market combinations, the opportunities and the segments or activities that will be subject to the MABA analysis – create factors for each.

Managers and consultants find it very useful to put the most attractive business opportunities in either the top left or the top right corner of the matrix. They then decide acceptable levels of each and create axes or an area as below

![Diagram](image)

Figure 38.2 Example MABA analysis for food-producing company

A major food producing company wanted to enter the second stage of development of its professional foods division.

- Average annual growth percentage versus relative activity in the product-market-channel combination with bubbles indicating market size;
- Individual product-level analysis of penetration of products in channels versus the relative importance of a product in the channels, based on average turnover per outlet relative to all products;
- The company’s relative growth in all the relevant markets versus the average annual growth of these markets (in correspondence with BCG’s growth-share matrix) with pie-sliced bubbles.

The MABA analysis helps identify 3 major opportunities.

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