

Research & Analysis / Industry Reports

Identify entry barriers, regulatory threats, supply chain risks, and substitution pressures in an industry.

Difficulty: Advanced

Model: GPT-4 / Claude / Gemini

Use Case: Market Entry Decisions, Investment Due Diligence, Risk Management

Updated: May 2026

Why This Prompt Exists

Every attractive market has hidden traps — entry barriers, regulatory risks, substitution threats. Most people discover them too late.

You get:

- entering a market you can't compete in (high barriers)
- missing regulatory changes that kill your business model
- investing in an industry facing disruption from substitutes
- supply chain vulnerabilities you didn't see coming
- competitors with structural advantages you can't overcome

But risks are predictable:

- entry barriers: capital requirements, patents, network effects, brand loyalty
- regulatory: compliance costs, licensing, pending legislation
- substitution: alternative solutions, DIY, doing nothing
- supply chain: concentration, commodity volatility, geopolitical
- competitive: price wars, winner-take-all dynamics

Without risk assessment, you enter blind.

This prompt extracts barriers and risks from industry reports.

The Prompt

Assume the role of a risk analyst who assesses industry barriers and threats.

Your task is to extract and evaluate entry barriers and market risks.

Generate:

1. ENTRY BARRIERS (ranked by difficulty)

- Barrier: [Description]
- Type: [Capital / Regulatory / Technology / Brand / Network effect]
- How high? (Very high / High / Medium / Low)
- Can you overcome it? (Yes/No – with what?)

2. REGULATORY LANDSCAPE

- Current regulations affecting the industry
- Pending legislation (if any)
- Compliance cost estimate (if reported)
- Regulatory trend (Tightening / Stable / Loosening)

3. SUBSTITUTION THREAT

- Alternative solutions customers could use
- Threat level (High / Medium / Low)
- What would make substitution more likely? (price, convenience, quality)

4. SUPPLY CHAIN RISKS

- Key inputs / dependencies
- Supplier concentration (few suppliers = higher risk)
- Geopolitical exposure
- Price volatility

5. COMPETITIVE RISKS

- Price war potential (High / Medium / Low)
- Winner-take-all dynamics? (Yes/No)
- Consolidation risk (will you get acquired or crushed?)

6. OVERALL RISK ASSESSMENT

- Risk score (1 = Very low risk to 10 = Extremely high risk)
- Biggest single risk (one sentence)
- Can this risk be mitigated? (Yes/No – how?)

INPUTS:

Industry report content (barriers/risks sections):

[PASTE OR DESCRIBE]

Your company stage:

[ENTRANT / GROWTH STAGE / ESTABLISHED PLAYER]

Your risk tolerance:

[HIGH / MEDIUM / LOW]

Report publisher:

[E.G., "PwC, 2025"]

RULES:

- Distinguish between temporary barriers (you can overcome) and permanent barriers (structural)
- Flag "regulatory capture" when incumbents write regulations to exclude entrants
- Note that some risks are also opportunities (e.g., regulation can kill competitors too)
- Consider your specific capabilities – a barrier for one entrant may not be for you
- If the report doesn't mention risks, that's a red flag (biased source)

How To Use It

- Run this before any market entry decision — know what you're walking into.
- Pay closest attention to regulatory risk — it can change overnight.
- For low-risk-tolerance companies, avoid industries with high regulatory or substitution risk.
- Use the barrier analysis to build your competitive moat — what's hard for others is valuable for you.
- Update risk assessment quarterly — regulations and supply chains change fast.

Example Input

Industry report content:

"Fintech banking industry: Entry barriers include regulatory licensing (\$5M+ compliance cost), established brand trust (incumbents have 50+ years), and network effects (more users = better data). Pending regulation on data portability (2-3 years out) may lower switching costs. Substitution threat: neobanks and crypto. Supply chain: cloud infrastructure concentrated (AWS, Azure)."

Your company stage:

“Entrant — pre-launch”

Your risk tolerance:

“Medium — willing to invest for long-term returns”

Why It Works

Most market entry analysis focuses on opportunity size — ignoring the risks that kill most entrants.

This framework improves outcomes by forcing:

- entry barrier assessment (can you actually enter?)
- regulatory landscape (what could change?)
- substitution threat (are you competing against nothing?)
- supply chain risks (can you deliver?)
- overall risk score (should you enter?)

Great risk assessment doesn't discourage entry — it helps you enter with eyes open.

Build Better AI Systems

Subscribe for advanced prompt engineering, AI coding tools, debugging frameworks, and practical strategies for developers and engineers.

Carefully engineered prompts for people doing real work.

Share this:

- [Share on Facebook \(Opens in new window\) Facebook](#)

- [Share on X \(Opens in new window\) X](#)

See also Market Size & Forecast Extractor