

Summary:

Structure – Conduct – Performance is a framework used for industry situation analysis that provides a complete understanding of current industry structure, players, conduct and their competitive performance over time. The assumption with this framework is that the performance of companies is determined largely by companies' conduct and, ultimately, industry structure. The SCP model is used for gaining an overall understanding of an industry and provides a dynamic view of industry structure.

According to the structure–conduct–performance paradigm, the market environment has a direct, short-term impact on the market structure. The market structure then has a direct influence on the firm's economic conduct, which in turn affects its market performance. Therein, feedback effects occur such that market performance may impact conduct and structure, or conduct may affect the market structure. Additionally, external factors such as legal or political interventions from the state affect the market framework and, by extension, the structure, conduct and performance of the market