**Exercise 2: Porter Five Forces Model**

**Introduction:** The Porter Five Forces Model is a commonly used tool to help evaluate market attractiveness and aid in product management decision-making and planning.

**Objectives:**

* Review the Car Cam product development scenario
* Determine how the Five Forces are impacting product planning positively or negatively
* Develop an appropriate strategy to deal with the Five Forces

**Part I: Determine how the Five Forces positively or negatively impact product planning. Annotate your findings in Appendix A.**

Perform a Five Forces analysis and determine the optimal strategy to plan and deliver a successful product. Remember the Five Forces include:

1. Entry
2. Threat of Substitution
3. Bargaining Power of Buyers
4. Bargaining Power of Suppliers
5. Rivalry Among Current Competitors

**Part II: Develop an appropriate strategy or strategies to deal with the five forces. Annotate your findings in Appendix B.**

Use knowledge learned throughout this course. What major issues impact the Five Forces, and what do you recommend?

**Summary:** Save your spreadsheet with a unique naming convention. This spreadsheet will be part of a peer review and will be submitted at the end of the course.

**Appendix A: The Five Forces**

|  |  |
| --- | --- |
| Force | Major Issues |
| Entry | The Car Cam market is highly competitive but also growing rapidly. New entrants face challenges such as established brand loyalty and economies of scale. |
| Threat of Substitution | Substitutes like smartphones with driving apps or cars with built-in cameras are readily available. These alternatives could reduce demand for standalone Car Cams. |
| Bargaining Power of Buyers | Buyers are highly price-sensitive and have many options. Reviews and ratings heavily influence purchasing decisions. |
| Bargaining Power of Suppliers | While some parts are readily sourced, others—like high-quality camera lenses—may be expensive or in short supply due to supply chain issues. |
| Rivalry Among Current Competitors | The market is saturated with many brands offering similar features, often resulting in price wars. Differentiation is crucial. |

**Appendix B: Your Recommendations**

|  |  |
| --- | --- |
| Major Issue | Recommendations |
| Entry | Leverage existing supplier contracts and emphasize economies of scale to maintain low costs and high quality. Build brand trust with transparent product value. |
| Threat of Substitution | Emphasize unique features not found in substitutes, like multi-mount options, HD night vision, and dedicated crash detection. |
| Bargaining Power of Buyers | Offer competitive pricing with bundling options. Highlight reliability and customer reviews. Launch loyalty rewards or referral programs. |
| Bargaining Power of Suppliers | Diversify suppliers and prioritize relationships with key component vendors. Explore local or backup suppliers to reduce risk. |
| Rivalry Among Competitors | Focus on product differentiation and storytelling. Use influencer marketing and visual campaigns to stand out. |