

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	<ul style="list-style-type: none">• Positive Impact: The market size for Car Cams is growing, providing an opportunity for new entrants.• Negative Impact: High competition and the need for complex partnerships might act as barriers to entry.• Strategy: Focus on leveraging existing supplier contracts, maintaining competitive pricing, and establishing strong distribution channels to deter new entrants.
Threat of Substitution	<ul style="list-style-type: none">• Positive Impact: Constantly evolving technology may introduce new substitutes.• Negative Impact: A well-designed, adaptable Car Cam can mitigate substitution threats.• Strategy: Emphasize the unique features of the Car Cam, such as multiple mounting options, superior screen quality, and dual functionality as both a front car camera and interior dash cam.
Bargaining Power of Buyers	<ul style="list-style-type: none">• Positive Impact: Growing demand for Car Cams gives buyers more choices.• Negative Impact: Consumers seek quality at a reasonable price, and switching costs are relatively low.• Strategy: Focus on creating a strong brand image, providing excellent customer support, and maintaining competitive pricing to retain buyer loyalty.
Bargaining Power of Suppliers	<ul style="list-style-type: none">• Positive Impact: Existing contracts with many suppliers provide stability.• Negative Impact: Some supplies may be complex to procure, and supply chain issues can lead to increased costs.• Strategy: Strengthen relationships with existing suppliers, diversify sources when possible, and negotiate favorable terms to mitigate potential supply chain challenges.
Rivalry Among Current Competitors	<ul style="list-style-type: none">• Positive Impact: Intense competition pushes innovation and improvement.

	<ul style="list-style-type: none">• Negative Impact: High competition can lead to price wars and reduced profit margins.• Strategy: Focus on differentiation through superior product features, effective marketing, and customer engagement. Establish strategic partnerships to strengthen market presence.
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Appendix B: Your Recommendations

Major Issue	Recommendations
Entry	Establish Strong Branding and Distribution Channels
Threat of Substitution	Continuous Innovation and Unique Features
Bargaining Power of Buyers	Customer-Centric Approach and Competitive Pricing
Bargaining Power of Suppliers	Diversify Suppliers and Negotiate Favorable Terms
Rivalry Among Current Competitors	Differentiation, Strategic Partnerships, and Agile Marketing