**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**

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| Force | Major Issues |
| Entry | * 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 | * 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 | * 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 | * 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 | * Positive Impact: Intense competition pushes innovation and improvement. * 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. |

**Appendix B: Your Recommendations**

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| 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 |
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