

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	Moderate to high threat. Car Cam market is growing rapidly, inviting new players. Low switching costs for consumers increase vulnerability.
Threat of Substitution	High. Many alternatives are available including smartphones with dash cam apps. Fast innovation cycles require frequent product upgrades.
Bargaining Power of Buyers	High. Consumers have access to price comparisons, reviews, and many brands. Buyers demand quality, adaptability, and low prices.
Bargaining Power of Suppliers	Moderate. DC LLC already has contracts for most components, but some specialized items (e.g., camera lenses, processors) may be hard to source.
Rivalry Among Current Competitors	Very high. Many established players compete on features, reliability, brand, price, and services. Competitive pricing and marketing are intense.

Appendix B: Your Recommendations

Major Issue	Recommendations
Entry of New Competitors	Leverage economies of scale to maintain price advantage. Apply for patents/trademarks and emphasize unique features (e.g., flexible mounting options).
Threat of Substitutes	Promote differentiation: emphasize camera quality, dual-use (interior/exterior), crash evidence reliability, and seamless transfer between vehicles.
Buyer Power	Build customer loyalty through post-purchase services, warranties, and value-added content (e.g., setup tutorials). Offer competitive pricing.
Supplier Power	Diversify suppliers and negotiate long-term contracts for critical components. Consider developing strategic partnerships or alternate sourcing.
Rivalry Among Existing Competitors	Focus marketing on underserved segments (e.g., parents of teenage drivers). Invest in brand building and emotional storytelling in advertising.

Rivalry Among Existing Competitors	Implement a referral rewards program and early adopter incentives to increase word-of-mouth adoption and create organic customer acquisition.
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