

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?

Appendix A: The Five Forces

Force	Major Issues
Entry	High competition and moderate-to-low barriers to entry. New players frequently enter the market with basic or low-cost alternatives. Economies of scale help mitigate this.
Threat of Substitution	High. Many alternative products like smartphone mounts with dash cam apps or cheaper low-tech models compete as substitutes. Consumer expectations evolve quickly.
Bargaining Power of Buyers	High. Customers are well-informed, price-sensitive, and have numerous options. Reviews and social media heavily influence purchasing decisions.
Bargaining Power of Suppliers	Moderate. DC LLC has existing supplier contracts, which is a strength, but certain new components might be subject to global supply chain disruptions and price volatility.
Rivalry Among Current Competitors	Very High. Saturated market with aggressive pricing, fast product releases, and differentiation based on minor features. Customer loyalty is low.

Appendix B: My Recommendations

Major Issue	Recommendations
High competition and moderate-to-low barriers to entry. New players frequently enter the market with basic or low-cost alternatives. Economies of scale help mitigate this.	Leverage economies of scale and proprietary features (e.g., flexible mounting, dual mode use) to establish brand differentiation. Build brand recognition early with targeted launch campaigns.
Many alternative products like smartphone mounts with dash cam apps or cheaper low-tech models compete as substitutes. Consumer expectations evolve quickly.	Highlight core benefits in marketing like video quality, seamless data transfer, and ease of mounting. Add software features like crash alerts or driving analytics to increase stickiness.
Customers are well-informed, price-sensitive, and have numerous options. Reviews and social media heavily influence purchasing decisions.	Use competitive pricing strategies, offer value bundles (e.g., camera plus SD card), flexible return policies, and loyalty discounts without racing to the bottom. Focus on user experience, packaging, and warranty support to increase perceived value.
DC LLC has existing supplier contracts, which is a strength, but certain new components might be subject to global supply chain disruptions and price volatility.	Secure long-term contracts for critical parts. Identify secondary suppliers in advance. Consider backward integration if feasible for key components.
Saturated market with aggressive pricing, fast product releases, and differentiation based on minor features. Customer loyalty is low.	Differentiate through quality, flexibility, and marketing narrative. Partner with influencers, driving schools, or insurers to create unique visibility.