TCMT612_05M_088T_Ford-Motor-competitive-analysis-revisited
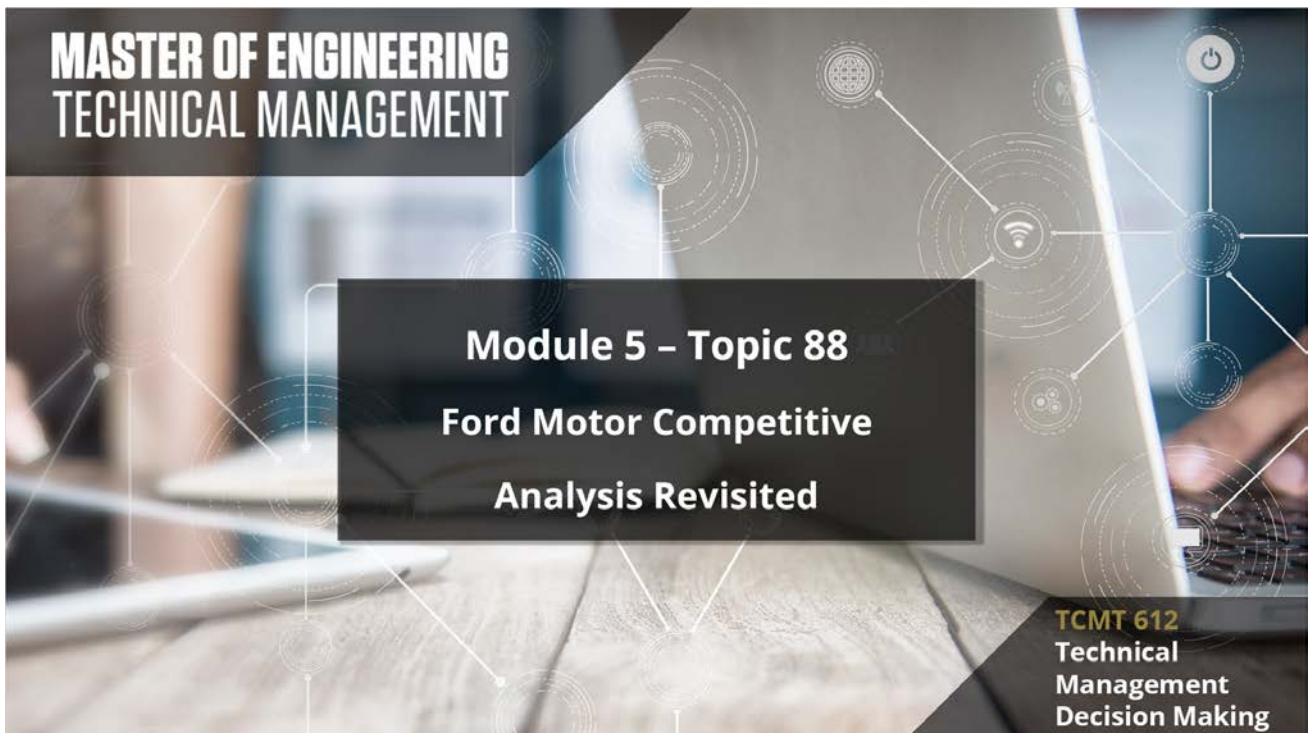
1. Main

1.2 Topic title

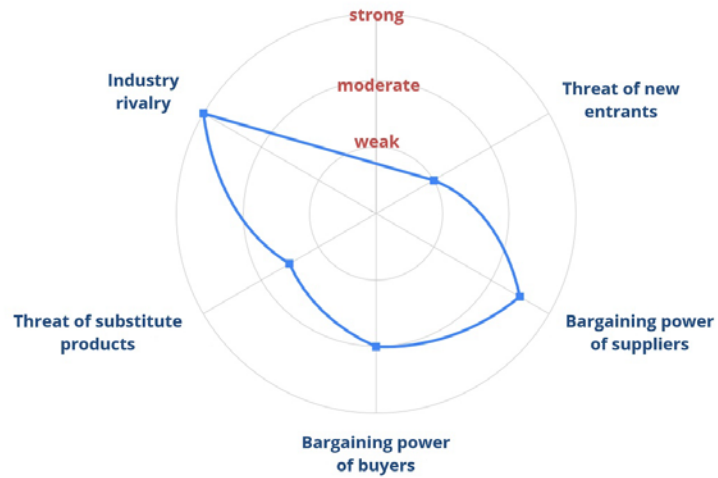**Notes:**

In this topic the professor revisits the competitive analysis example of Ford Motor Company.

1.3 Introduction

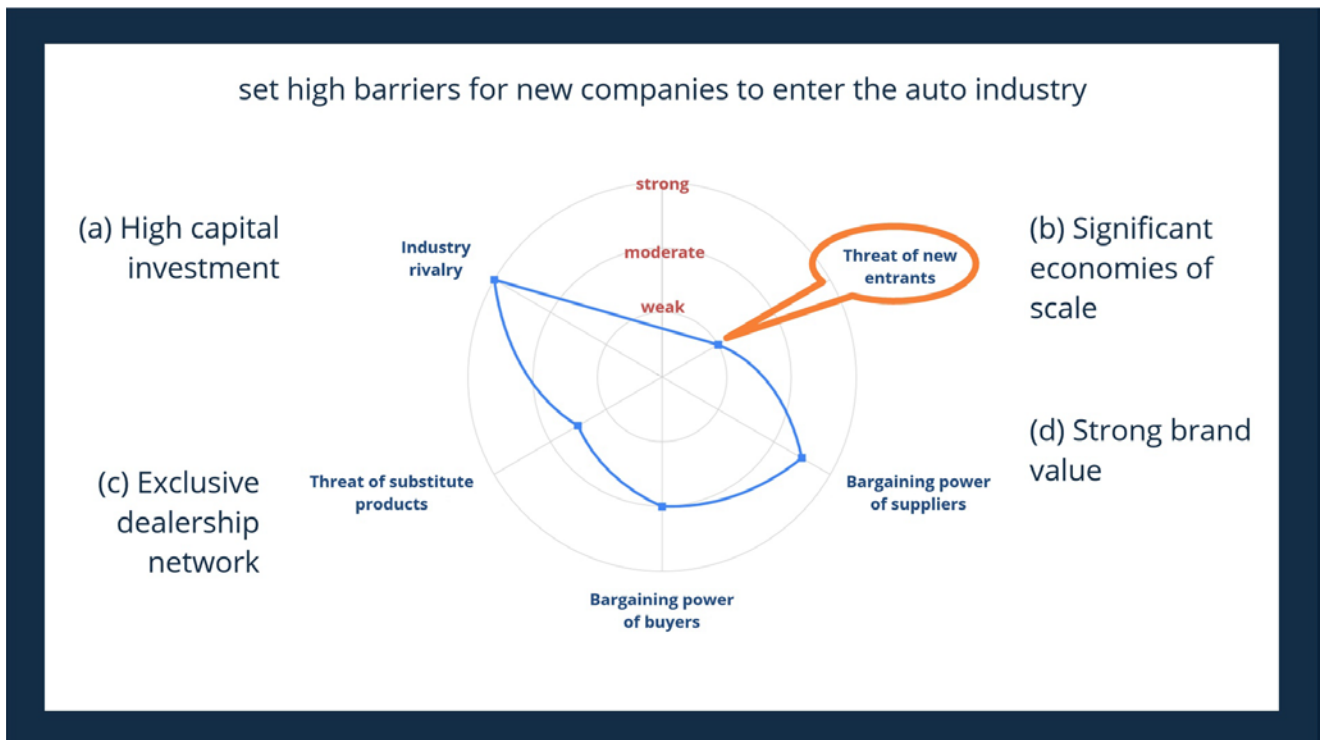Summary of Five Forces Analysis of auto industry for Ford Motor

Notes:

This is the summary of the Five Forces Analysis of auto industry for Ford Motor.

The strengths of the Five Forces are shown in the radar chart.

1.4 New entrants

set high barriers for new companies to enter the auto industry

(a) High capital investment

(b) Significant economies of scale

(c) Exclusive dealership network

(d) Strong brand value

Notes:

Thread of new entrants is weak.

High capital investment, significant economies of scale, exclusive dealership network, and strong brand value set high barriers for new companies to enter the auto industry.
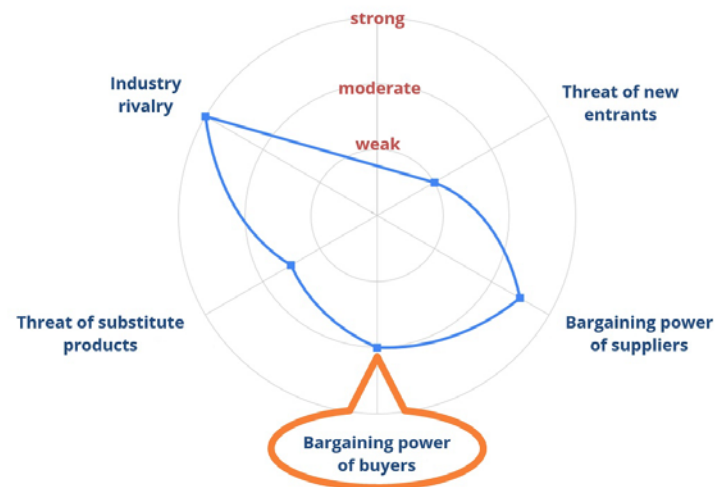
1.5 Suppliers
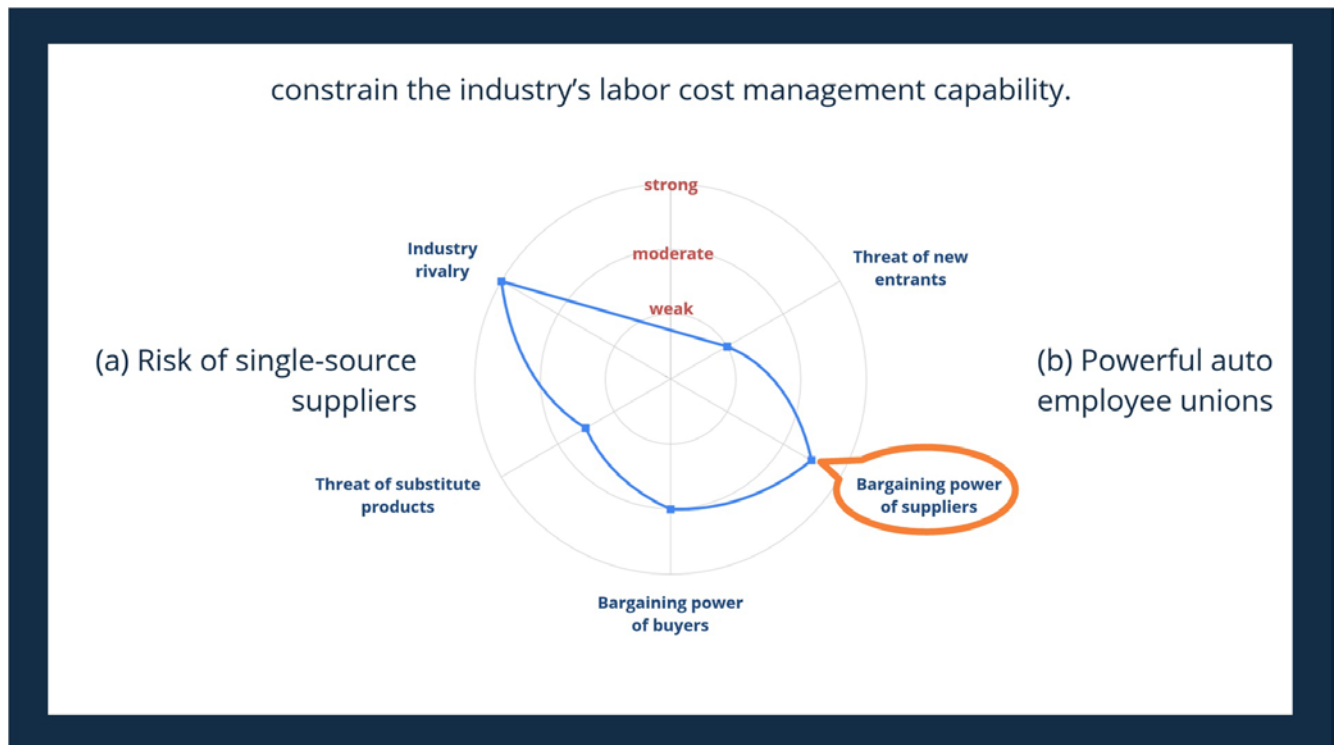
Notes:

Bargaining power of suppliers is between modest and high.

The industry faces risk of single source supplier of parts and materials.

Powerful auto employee unions constrain the industry's labor cost management capability.

1.6 Buyers

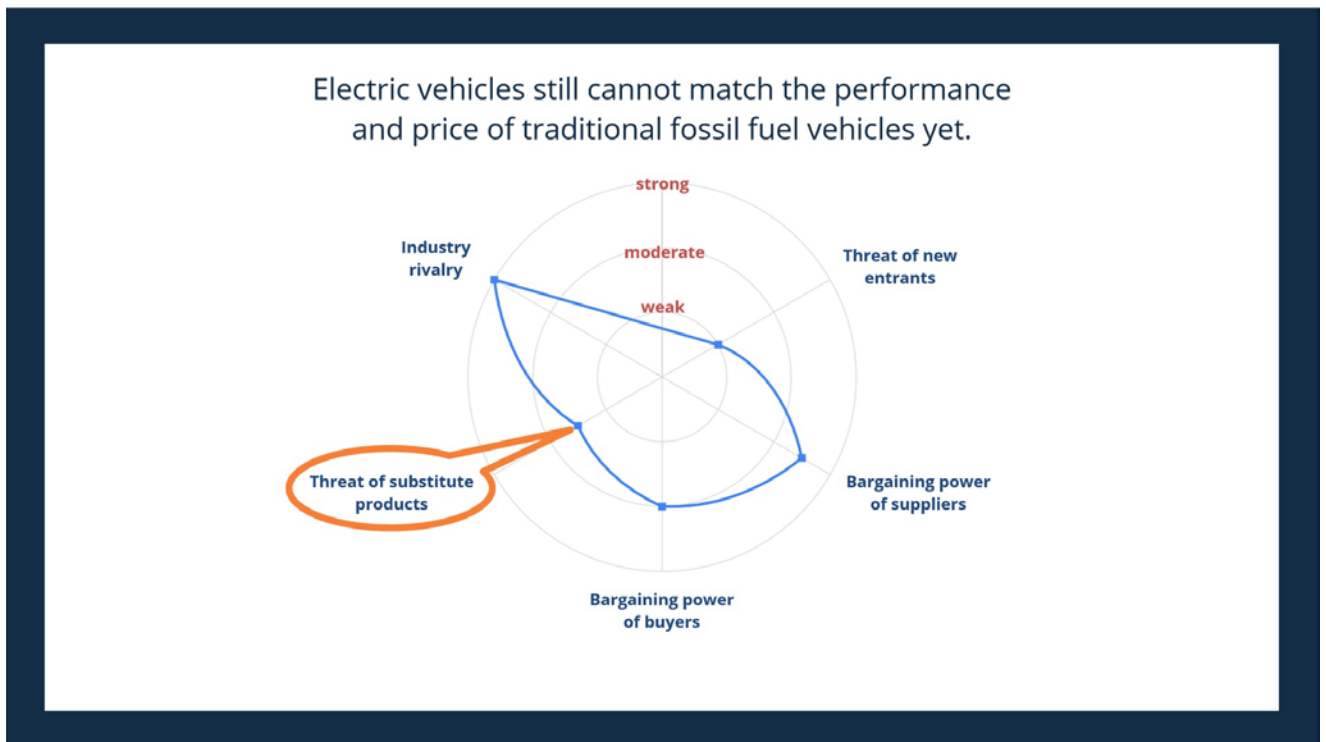Buyers have little financial burden to switch from one product to the other.

Notes:

The bargaining power of buyers is modest.

Buyers have little financial burden to switch from one product to the other.

1.7 Substitutes

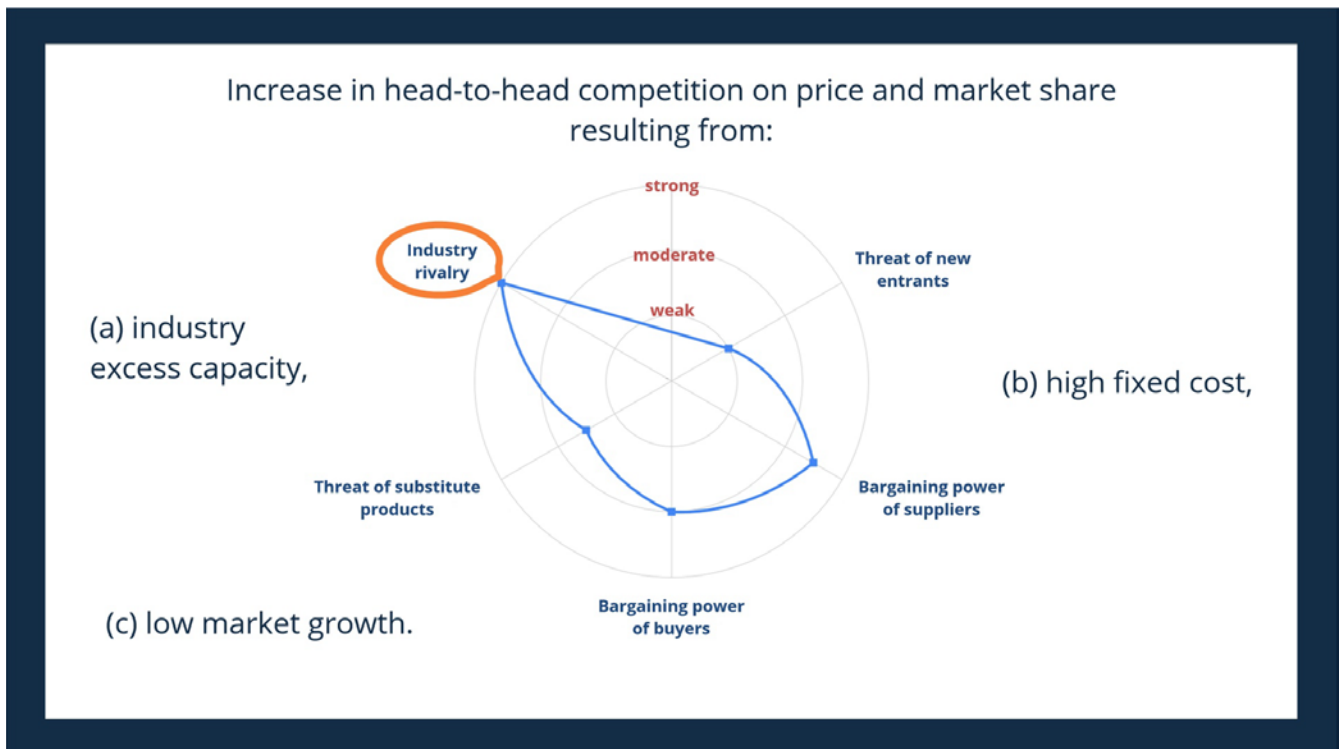Electric vehicles still cannot match the performance and price of traditional fossil fuel vehicles yet.

Notes:

The threat of substitute products, electric vehicles, is between low to modest.

Electric vehicles still cannot match the performance and price of traditional fossil fuel vehicles yet.

1.8 Internal rivalry

Increase in head-to-head competition on price and market share resulting from:

(a) industry excess capacity,

(b) high fixed cost,

(c) low market growth.

Notes:

The threat of substitute products, electric vehicles, is between low to modest.

Electric vehicles still cannot match the performance and price of traditional fossil fuel vehicles yet.

1.9 Radar chart
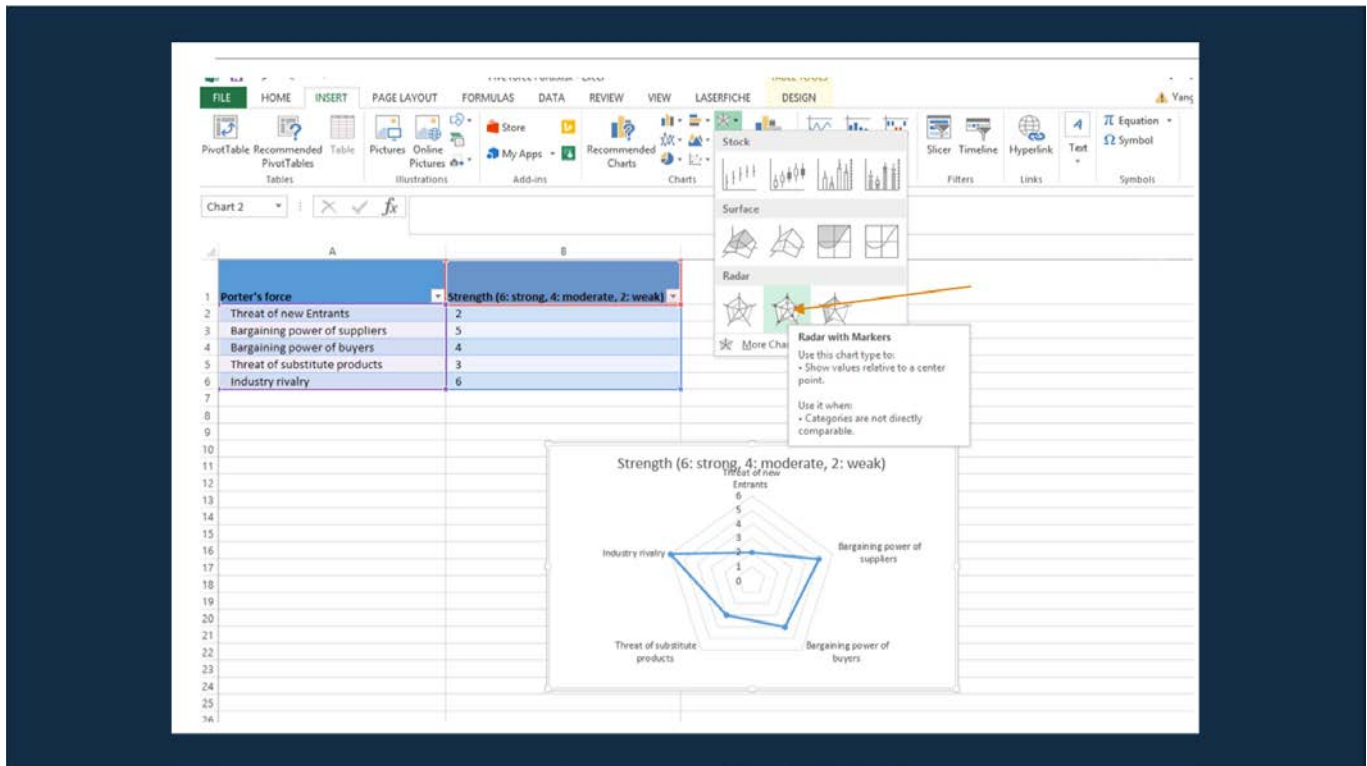
Notes:

You can create a radar chart with the standard radar chart function in Microsoft Excel and shown in the screenshot.
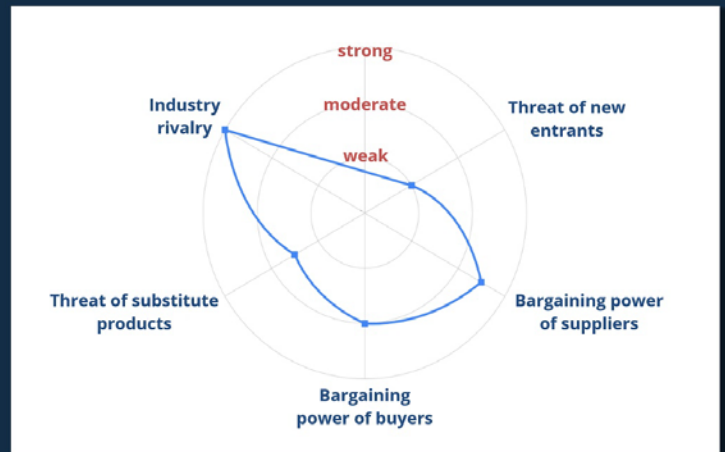
1.10 Recommendations

Competitive analysis helps managers of a company develop valuable insights about:

(a) business environment,

(b) underlying sources of industry's profitability,

(c) company's strategic direction.

Strategic recommendations for Ford Motor to strengthen its competitive position based on the Five Forces analysis.

Notes:

The competitive analysis helps managers of a company develop valuable insights about the business environment, the underlying sources of industries profitability, and a company's strategic direction.

For instance, we can make the following strategy recommendations for Ford Motor to strengthen its competitive position based on the Five Forces analysis.
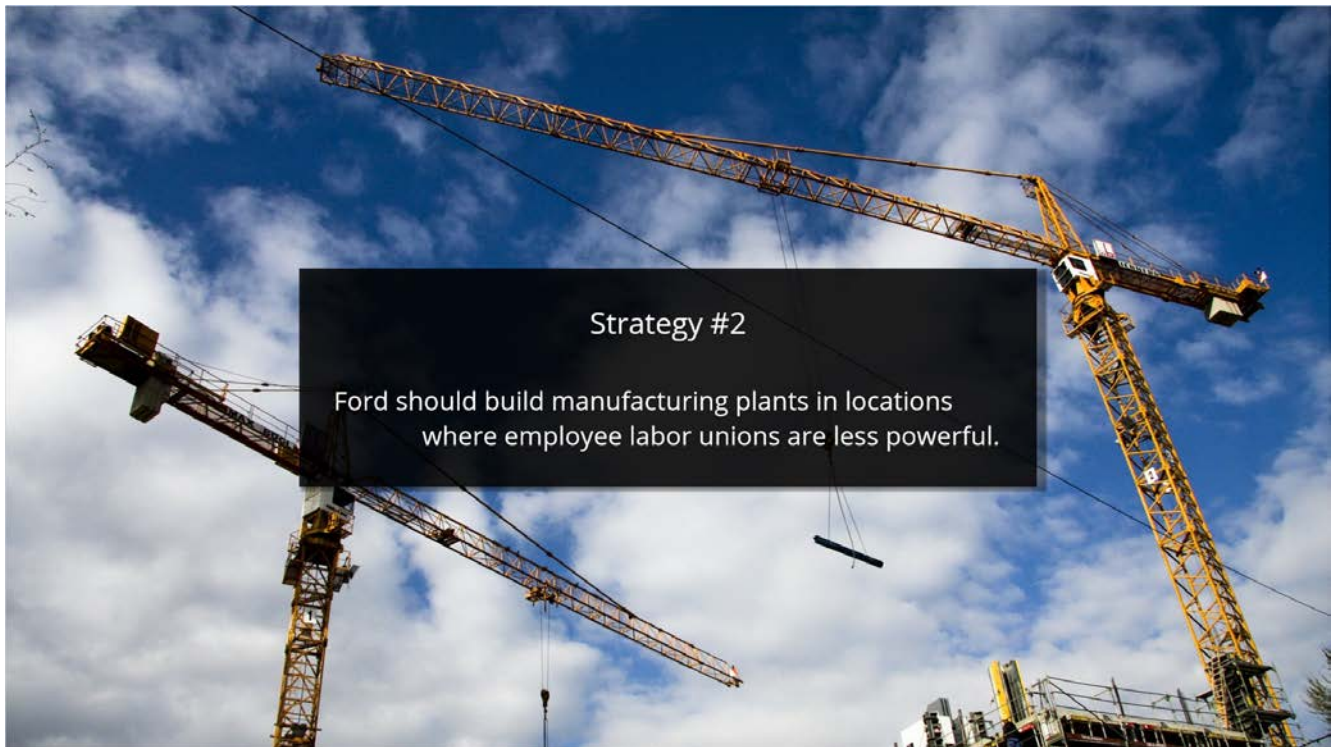
1.11 Strategy #1

Notes:

(1) The company can reduce the competition rivalry by expanding its presence in a rapidly growing market, such as developing countries in Asia, like China and India.

1.12 Strategy #2

Notes:

(2) Also, Ford should build manufacturing plants in locations where employee labor unions are less powerful.

1.13 Strategy #3

Strategy #3

The threat of electric vehicles is growing and Ford should closely monitor the technology advance in this sector and identify opportunities to acquire new electric vehicle capability and capacity to compete with new disruptive entrants such as Tesla.

Notes:

(3) In addition, the threat of electric vehicles is growing and Ford should closely monitor the technology advance in this sector and identify opportunities to acquire new electric vehicle capability and capacity to compete with new disruptive entrants such as Tesla.

1.14 eCampus
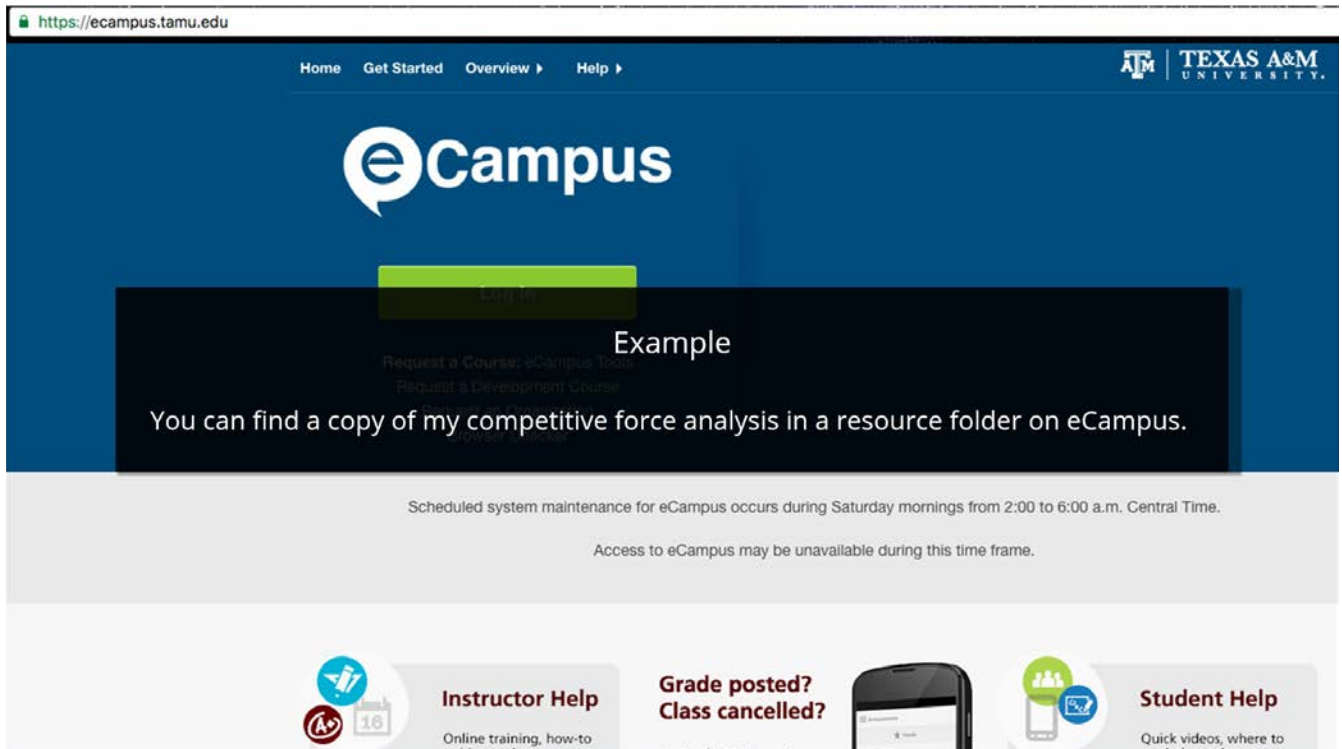
Notes:

You can find a copy of my competitive force analysis in a resource folder of eCampus.