Yulun Feng

ProblemFree Inc.

1)

According to my opinion, the threat of new entrants havs the greatest opportunity of influencing my company the most. The following are the reasons:

Since the ProblemFree Inc is only a company that run by myself, the range of the service will be limited by my personal power, like time and energy. Therefore, there will be shortcomings in my business, which is unavoidable.

Meanwhile, due to the whole ProblemFree Inc is mainly based on a database which stored tons of questions, answers and information, the technology barrier for those new entrants is not as huge as other technology or information services. What the new entrants need is just a large database and a system maintainer. Also, the copy of the data is much easier than a copy of a certain skill. Once if the new entrants have a unique advantage, for example, like a lower price or a larger database, it is easy to take the customers away.

2)

As for the competitive strategy, I will choose to focus on a certain segment and try to provide a better service. On one hand, given that the scale of the ProblemFree Inc, it seems impossible to make every aspect the best. And a service which is perfect on one point while the other is terrible can only having a cast effect rather than bringing more benefit for the customers. Moreover, having a perfect service, even if I only focus on a certain segment, can brings me a good reputation. In that case, I can spend little or no money on advertising, relying instead on word of mouth and giveaways. So, I can put the money on bettering my service and create a positive cycle, bringing in more benefit. Even the price is a little bit higher than the competitors, I can still attract my customers by the best users’ experience.

On the other hand, focusing on one certain segment and providing the best users’ experience is safer than creating a service which across the industry. If there’s any problem with the system, I can still maintain the system’ stability while fixing out the problem. However, if I chose to provide a cross industry service, the problem in on aspect will disturb me and lower the quality of other services, which will directly lead to a decreasing in the reputation. Moreover, it is easier to maintain a single server system rather a multiple one.

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