

Five Forces Analysis and Strategy Options

Analyzing how the Porter Five Forces could impact the development and launch of the new solar heater system.

Forces	Considerations
Entry	<ul style="list-style-type: none">- barrier to entry is high (fixed costs required to start up are high)- Less few competitors in short term due to high barrier entry- SRU having brand recognition being an established firm that has access to distribution channels increases barrier to entry
Threat of Substitution	<ul style="list-style-type: none">- substitute product risk is high as there may be a sense that products are similar and/or that there is high availability of close substitutes
Bargaining Power of Buyers	<ul style="list-style-type: none">- demand is outpacing supply which decreases buyers bargaining power
Bargaining Power of Suppliers	<ul style="list-style-type: none">- in favour of suppliers as competitors are looking for similar materials and equipment
Rivalry Among Current Competitors	<ul style="list-style-type: none">- high due to high availability to substitute

Strategy Options

Options	Viability
Overall Cost Leadership	Since SRU would like to keep prices competitive but not the main focus, the firm can set the product at average industry price. If price reduced, SRU could get more market share and that would bring down suppliers bargaining power

Differentiation	This a great option as the firm could differentiate themselves from their competitors using features that is widely valued by buyers. The firm can focus on these features as customers value quality over cost. As such, this lets the firm increase the product price a bit more but still keeping it competitive.
Focus	This is a great option if the firm pursues a differentiation focused strategy where you focus on the 1-2 key main differences that a narrows segment of the market would like. You can pass higher costs to customers since substitutes don't exist.