Porter's five force analysis for lifestyle broadcast industry

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Porter’s model is based on the insight that a corporate strategy should meet the opportunities and threats in the organizations external environment. Especially, competitive strategy should base on and understanding of industry structures and the way they change. (paraphrase this)

Degree of rivalry within the industry (Moderate)

This point mainly describes about the intensity of competition between the existing companies in an industry. Felling of pressure or feeling of existence of opportunities for progress is the main reason that initiates any competition. There is a moderate degree of rivalry in the industry currently as there are few companies with high concentration. However the intensity of competition is increasing rapidly due to high growth rate in this segment. The competition in this segment is not very intense. The main factors for this being “ High exit barriers and High fixed costs”(u can elaborate if u have stuff). The other factor is there no real difference between the products produced by each channels. As they all come under same genre the shows are bound to overlap.

Bargaining power of Buyers (High)

The most determinant parameters in bargaining power are the number of potential and actual buyers. There is a limited customer (audience) base for this genre in the current scenario. As a result of this the customer is the king and all the channels are doing their best to gain customer satisfaction. In broader sense the only source of income for these channels are advertisers. Advertisers are the buyers for all the lifestyle channels in India. The audience base and reach of the channels determines the advertisements it will receive. This fact has increased buyer's bargaining power in the industry. In other words, buyers bargaining power is likely to be high when they buy large volumes and there is a concentration of buyers and also when buyers are price sensitive. There is small number of buyers, who purchase large volumes.. this is mainly because there is niche audience for lifestyle channels not all advertisers can advertise on this channels. Prevalence of alternative options like sports, general entertainment genres increases the bargaining power with respect to prices of other services. There is no particular brand loyalty of the channels but there is loyalty for the shows telecasted in the channels, paving way for high bargaining powers of buyers.

Power of Suppliers (Low)

Supplier in this case can be divided into two groups. First being inputs required for the production of the shows, like the technicians, equipments, anchors and directors. The other important supplier will be production companies which are outsourced for the production of shows. Supplier bargaining power is likely to be high when the market is dominated by a few large suppliers rather than a fragmented source of supply (Porter, 1980).

Considering the environmental media which consist of technicians, equipments and production houses, there is no monopoly in this area and there are numerous alternatives for them. In case there are very few suppliers of the essentials required for the show and absence of any substitutes for the same then the suppliers can exert pressure. Sometimes a input required for the show is extremely important and the alternatives prove to be very costly then in such cases the suppliers will be in better terms to dictate terms. However in this present scenario most of the suppliers depend on the channels to use their service. If the channels decide to change the suppliers then it would badly affect the suppliers.

Potential Entrants (High)

If the competition in an industry is moderate then its easier for other companies to enter the market. In such a situation, new entrants could change major determinants of the market environment (e. g. market shares, prices, customer loyalty) at any time. There is always a latent pressure for reaction and adjustment for existing players in this industry. They care for taking up a part of market, therefore costs may breakdown or current costs may increase through this fact and as a result of this process, profitability may reduce. Industry entrance threat depends on barriers to their needs to entrance and also current competitors' reactions.

The entry barriers are getting weaker with the overall development and growth in the industry. Easier to reach economic of scales (pls give reason for this I forgot what I was writing, because u started touching me). No brand (channel) loyalty for advertisers. Capital requirements are falling due to growth in digital technology.

Like magazine market, different niches within same segment. Specific ' beat' shows like food or travel, like foreign markets. As India has a growing market the potential threat from other foreign/ national media barons entering the same niche market is higher. There are even chances of well established existing players entering the market. As there are very limited suppliers of lifestyle content providers in terms of exclusively dedicated lifestyle channels. So this would be the major attraction for the new players to enter this particular segment.

Threat of substitution (Low)

A threat from substitutes exists if there are alternative products with lower prices of better performance parameters for the same purpose. They could potentially attract a significant proportion of market volume and hence reduce the potential sales volume for existing players. As this is a niche market, threat on substitution will be low. As the shows generally are produced in house or exported from international markets the exclusivity can me maintained till it’s first telecasted. Although there is a high possibility of rivals substituting the product, however the quality, production value and a set anchor cannot be substituted easily.