

Gap inc statistics on competitive advantage

[Science](#), [Statistics](#)



Industrial Analysis of Gap Inc.

Gap Inc.'s organization is augmented by a myriad of essential external factors, which are integrated in order to further maximize the potential of the company. Such factors beyond are beyond Gap Inc.'s boundaries yet they help shape the company as it is. Factors that act as performance catalysts for the company to function in an apt and efficient manner; the external environment of Gap Inc. is comprised of the legal environment, technology environment, political environment, social and cultural environment, economic environment, and stakeholder environment (Gap, 2008).. In order to mitigate and integrate each other, an industrial analysis is a requisite in order to initialize such. Porter's five forces model is to be used in the apt industrial analysis of Gap Inc.:

Rivalry

Gap Inc. strives to survive in a fierce and competitive industry through the aid of its competitive advantage. For the bevy of casual clothing companies, competition always matters in order to bolster profitability. Gap Inc. augments their marketing strategy by its charismatic and distinct approach to its advertising. The international casual apparel industry is highly competitive. The company has to compete with national and domestic retailers such as discount store chains, department stores, independent retail stores, and internet retailers that cater to a particular market segment of similar merchandise. The company has encountered stiff competition as well in Japanese, Canadian, and European markets, which range from regional to national chains. Gap Inc.'s competitive advantage depends on the sporadic change in consumer patterns as well (Gap, 2008).

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Threat of Substitutes

The apparent threat of alternative or substitute products is a common adversity for Gap Inc. A number of casual apparel companies have always attempted to overwhelm Gap Inc.'s market share through attempts in cheaper price movements in order for consumers to consider other brands aside from Gap Inc. The subject of price elasticity emerges whenever the price change of an alternative product affects as the demand for such product. The industry where Gap thrives is saturated by a bevy of substitute products, which tend to constrain the ability of these companies to make an increase in prices. The casual apparel industry is always sporadic and innovative in terms of manufacturing products, which can entice consumers to patronize their products. This results to a letdown in sales for Gap Inc. (Gap, 2008).

Buyer Power

The buyer power is very strong in the casual clothing industry. Their buyer power is crucial, and has a deliberate impact on the industry itself. Gap Inc. and its consumers have a discreet mutual arrangement regarding the aspect of buyer power. The company itself empowers its consumers to augment their buyer power due to the fact that Gap Inc. makes its products aptly priced and affordable for all classes of people. The casual apparel industry has a market condition, in which the buyer (consumers) has a say on the price. This relative as well for a company like Gap Inc., which also opines for the price of raw materials it acquires from its suppliers. However, there are a handful of discrepancies, which contribute to the asymmetry between the buyer and the manufacturing industry. This is evident from the notion that <https://assignbuster.com/gap-inc-statistics-on-competitive-advantage/>

buyers are concentrated, yet producers hinder forward integration (Gap, 2008).

Supplier Power

The casual clothing industry is considered a manufacturing industry. With this in mind, Gap Inc. is required to have suppliers, which will make raw materials available in order to produce their products. Supplier power is one aspect, which is a requisite in shaping a manufacturing company's profile. While Gap Inc. generates revenues and maintains a rate of profitability from its products, the company is compelled to allocate budget for its raw materials. Suppliers like buyers, have a deliberate influence and effect on the industry's profits. The industry will not be present without the raw materials, which Gap Inc. uses to produce its products. Furthermore, suppliers tend to place a high price on raw materials. Gap Inc. compensates for such by initiating the rapid proliferation of its stores worldwide (Gap, 2008).

Barriers and Threats of Entry

Perennial competitors of Gap Inc. are not the only ones who pose a threat for the company. New firms attempting penetrate the industry will also have a deliberate effect in the industry. This will result to the fluctuation in percentage of the market share of casual clothing companies. Gap Inc. does its part through studying potential market segments to lure. Firms that tend to enter and exit a market are subjected to nominal profits (Gap, 2008).

References

Gap.(2008). About us. Retrieved April 15, 2008, from

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<http://www.gapinc.com/public/About/about.shtml>

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