

Monkas's five force analysis essay sample

[Business](#), [Industries](#)



In this industry analysis, the impact of Porter's five forces is performed. As car wash businesses are quite saturated in Malaysia, Monkas has faced several factors and threats. The total number of licensed car wash centre in KL town area is 90 and around 20 of them are automated. Therefore, a competitive strategy need to be implemented to meet those competitive forces and understand the strengths and weakness of the business.

The Monkas's Five Force Analysis includes the following five forces

ADDIN CSL_CITATION { "citationItems" : [{ "id" : " ITEM-1", " itemData" : { " ISBN" : " 9780324376005", " abstract" : " The highly anticipated new edition of the market-leading introduction to strategic management from Bob de Wit (Maastricht School of Management) and Ron Meyer (TiasNimbas Business School). Widely acclaimed for its ability to foster creative, non-prescriptive and global strategic thinking amongst students, Strategy 4e builds on the major international success of the prior edition.

Developed from wide-ranging market feedback, all of the short and long cases have been replaced or wholly updated with dozens of new cases crafted by the authors and several international contributors. From Google to KPMG, ING Direct to the Metropolitan Opera, the text now features an unparalleled range of organizations with rich settings for students to develop key strategy skills and understanding.

New readings, including coverage of hot topics like Blue Ocean Strategy, ensure the theory remains cutting-edge, while a boosted set of lecturer resources makes this the complete package for 21st century strategy courses.", " author" : [{ " dropping-particle" : "", " family" : " Palepu", "

given" : " Krisna G.", " non-dropping-particle" : "", " parse-names" : false, " suffix" : "" }, { " dropping-particle" : "", " family" : " Healy", " given" : " Paul M.", " non-dropping-particle" : "", " parse-names" : false, " suffix" : "" }, { " dropping-particle" : "", " family" : " Bernard", " given" : " Victor L.", " non-dropping-particle" : "", " parse-names" : false, " suffix" : "" }, { " dropping-particle" : "", " family" : " Wright", " given" : " Sue", " non-dropping-particle" : "", " parse-names" : false, " suffix" : "" }, { " dropping-particle" : "", " family" : " Bradbury", " given" : " Michael", " non-dropping-particle" : "", " parse-names" : false, " suffix" : "" }, { " dropping-particle" : "", " family" : " Lee", " given" : " Philip", " non-dropping-particle" : "", " parse-names" : false, " suffix" : "" }], " container-title" : " Business", " id" : " ITEM-1", " issued" : { " date-parts" : [[" 2000"]] }, " page" : " 957", " title" : " Business Analysis & Valuation", " type" : " article-journal" }, " uris" : [" http://www. mendeley. com/documents/? uuid= c4c49f69-9d7d-4af8-b77d-2201b38de65a"] }], " mendeley" : { " formattedCitation" : "(Palepu et al., 2000)", " plainTextFormattedCitation" : "(Palepu et al., 2000)", " previouslyFormattedCitation" : "(Palepu et al., 2000)" }, " properties" : { }, " schema" : " https://github. com/citation-style-language/schema/raw/master/csl-citation. json" }(Palepu et al., 2000):

Ease of entry

Power of buyers

Power of suppliers

Competitors

Availability of substitutes

Ease of entry

Motor vehicle manufacturer drives the car wash industry. As the number of motor vehicles increases day by day, it also increase the frequency of people using the car wash services. Therefore, it is easy for new firm to start the business in the industry. However, this increase the likelihood of our company facing new competitors in a short time. There are several external factors that bring threat to the business such as:

Low switching costs (strong force)

Moderate capital cost (moderate force)

Due to low switching costs, consumers can easily switch to other services. Besides, the moderate capital cost to start up a new car wash business can bring certain impact to Monkas. Thus, this element of the Five Force Analysis is a considerable issue for Monkas.

Power of Buyers

It is important to understand the bargaining power of consumers as they can exert pressure on small-medium scale business by demanding higher quality, lower prices or additional services. In this section, the influence and demands of consumers to the business is analysed. There are several factors that produce strong bargaining power of consumers such as:

Low switching costs (strong force)

Number of providers (strong force)

Availability of substitutes (strong force)

<https://assignbuster.com/monkass-five-force-analysis-essay-sample/>

Due to low switching cost, it is easy for consumers to switch from one service to another. Besides, the saturation of car wash businesses provides more choices for the consumers. Apart from that, motor vehicle users can choose to wash their vehicle at their home if they want to save money or lazy to drive their vehicles to the car wash centre. Based on the analysis, Monkas must develop strategies to build a strong consumer base.

Power of suppliers

Suppliers can bring certain impact to the business by influencing the quality and pricing of the service and it will affect the business's ability to compete with other competitors. Thus, the bargaining power of suppliers is analysed based on the following external factors:

Availability of substitutes (weak force)

Supply scale (weak force)

The large availability of substitutes for products such as automated car wash system and HMI panel weakens the bargaining power of suppliers. Besides, the large supply scale of products like cleaning chemical and cleaning equipment in the current market reduces the influence of supplier on the business. Thus, this element of the Five Force Analysis is a small issue for Monkas.

Competitors

Due to the saturation of car wash market in the area, Monkas faces several challenges when competing with other competitors. Thus, it is important to identify and analyse the current major player in the industry to tackle the effect of competing firms. Several external factors were produced by

<https://assignbuster.com/monkass-five-force-analysis-essay-sample/>

analysing the competitors in the current industry:

High number of services (strong force)

Low switching cost (strong force)

Strong business strategy of services (strong force)

As the car wash industry is saturated, the size of business ranges from small scale to large established car wash businesses. Besides, the switching cost for the car wash services is low causing consumers to switch between services easily. Apart from that, most medium to large scale business tends to have better business strategy such as competitive price range, advertising campaign, or provide different services to maintain a strong consumer base. Thus, this element indicates that the competition between competitors is the strongest industry force that Monkas faces and a strong business strategy need to be implemented to provide competitive advantage and stay competitive in the current industry.

Availability of substitutes

The availability of substitutes in the current industry is one of the main concern where it can brings potential impact on the business. There are several factors produced after analysing the availability the substitutes in the current industry such as:

Moderate substitute availability (moderate force)

Low switching cost (strong force)

High performance to cost ratio (strong force)

In Malaysia, some motor vehicle users have the routine of sending their vehicle to car wash service due to the quality, reliability and laziness.

<https://assignbuster.com/monkass-five-force-analysis-essay-sample/>

However, some motor vehicle users choose to clean their vehicles at their own home because they can save cost from the service and petrol cost travelling to the car wash centre. It is also easy for consumer to switch between services with the availability of services in the current industry. Besides, some small to medium scale business service can provide better quality service and low cost with the minimal capital cost which somehow makes them competitive in the scene. Thus, this element must be emphasized by Monkas through actions like product differentiation and quality improvement.

As a conclusion, Monkas needs to emphasize on issues related to consumers, competitors and substitutes where all of them exert strong force on the company. Possible action that can be taken by Monkas can be service improvement and differentiation.

Reference

ADDIN Mendeley Bibliography CSL_BIBLIOGRAPHY Palepu, K. G., Healy, P. M., Bernard, V. L., Wright, S., Bradbury, M., & Lee, P. (2000). Business Analysis & Valuation. Business, 957. Retrieved from <http://books.google.com/books?hl=en&lr=&id=tCspQP0CYgcC&oi=fnd&pg=PR7&dq=Strategy+process,+cintent,+context+an+international+perspective&ots=gMZvHbLMt&sig=vGe72LHzg4hofsDcvBGeWHR88RI>