

# Industrial forces case study examples

Business, Company



- Competitive rivalry
- Moderate power
- Product differentiation is low between Gentex and its competitors
- Growth is slow
- Fixed costs are high
- Overcapacity of parts
- Lack of brand identity of the company.
- The absence of switching costs among the company's products
- Buyer power
- A low number of potential buyers therefore increasing their buying or bargaining power.
- Lack of favorable buyer incentives
- Large volumes and sizes of customers orders of the auto parts that increase or raise their power
- Threat of backward integration that increases the buyer's power
- Threat of substitutes
- Presence of other auto parts products that match the performance and price of Gentex company
- Gentex's customer's willingness to migrate or switch to other products or substitutes
- Lack of switching costs that may encourage the customers to start using auto parts from other producers.
- The inclination of the buyer towards the substitutes from other companies competing with Gentex
- Threat of new entrants

- The barriers that inhibit the entrance of other producers to the auto industry markets are minimal.
- Lack of legal and regulatory restrictions in the industry
- Large cost units that make it relatively easy for new entrants to enter the market and attain a significant market share.
- Lack of retaliation techniques from Gentex Company to counter the threat of new entrants.
- Wide access to distribution and supply channels by the new entrants therefore enabling them enter into the auto parts market in a relatively easy way
- Supplier power
- Small number of suppliers that supply raw products to Gentex thereby enabling them to have high supply power.
- High switching costs between suppliers
- The threat of suppliers to engage in vertical integration
- Wide input differentiation between alternative suppliers
- A relatively large effect of the inputs on the differentiation of products and their cost

## **Works cited**

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Kotner, Wesley. Marketing Strategy. Oakland, CA: Stanton Publishers. 2011.