# Five forces model of competition

Case #3 Analysis Competition in the Golf Equipment Industry in 2009 Raquel Brickerson MGT 495 CRN 22164538 Table of Contents  1 * The Five Forces Model of Competition The five forces analysis of competition consists of these five areas. 1). firms in other industries offering substitute products, ). buyers, (3) potential new entrants, (4) suppliers of raw materials, parts, components, or other resource inputs, and (5) rivalry among competing sellers in the industry. When looking at Case 3, “ Competition in the Golf Equipment Industry in 2009”, I would first take a look at 1) competitive pressures stemming from other companies like Nike, who primarily supplies athletic shoes and apparel. 2). Competitive pressures stemming from buyers who are driven to buy varying golf clubs and balls that adhere to PGA Tour, European PGA Tour, and the LPGA tour regulations.

Other competitive pressures from buyers are for golf clubs that are designed to help with golf swings, reduce spins, among other things that will help the buyer performance. 3). Competitive pressures that stem from potential new clients. In 2000 Nike introduced its new golf line endorsed by Tiger Woods. Nike is already an established reputable company that has proven to be very successful as a supplier of other athletic and sports apparel. How will the pressures of Tiger Woods, one of golf's greatest players, endorsing their products, affect the competition? 4).

Competitive pressures that stem from the supplies of raw materials, such as leather for shoes and gloves, 2 steel, plastic, etc. In 1997 to 2008, the cost of goods sold changed due to a decline in the rounds of golf being played, which caused equipment sales to decline as well. This would also directly effect of the supplies of raw material. 5). Competitive pressures that stem from the different golf equipment retailers. There are competition with on-course pro shops, off-course pro shops, and online golf retailers. Driving Forces The driving forces in the golfing industry that is the major underlying causes of change, is 1). Marketing innovation. The golfing industry needs to find a way to spark the consumers' interest back into the golfing game. The number of rounds played per year declined from 2007 to 2008 by nearly 9 million rounds. Since about 30 percent of golfers say that they stopped playing because the fees to play a round of golf are too costly, there should be a decrease in golfing fees. 2). Changes in who buys the product and how they use it.

The golfing industry should target a younger age group of golfers. The decline in golfers took place among golfers who were married with children, and older golfers who were retired but had health concerns and injuries. The golfing industry needs to make equipment, apparel and golf in itself more appealing so that the decline experienced will start to bring a different crowd in as consumers. 3) Changes in cost and efficiency. Because sales are declining, the golfing industry may need to lower the costs of their equipment enough to make it more appealing to potential buyers.

Doing this may raise sales and cause more people who could not afford the golfing equipment to now be able to make the purchase. 3 * Marketplace changes In 2009, the golfing industry experienced the worst crises ever. “ Equipment industry revenues had begun to decline as growth in the number of golfers stalled and rules put in place by golfs governing organizations to limit innovation in golf clubs had forced manufacturers to depend more on price to increase volume. Because of this recession, consumers were not able to spend as much money on recreational activities, and began saving their money instead. With the sales of golfing equipment declining 5. 7 percent, golfing manufacturers had to rethink their strategies and come up with ideas that would withstand the pressures of this recession. * Strategic Map I decided to portray a strategic group map of the five leading manufacturers of golf equipment. They are Callaway Golf Company, TaylorMade-adidas Golf, Titleist/Cobra Golf, Ping Golf, and Nike Golf.

On this map, it will show performance/reputation and price range of golfing club drivers for each of these companies. * Attractive or Unattractive I believe the golfing industry right now to be unattractive. Even though manufacturers are making millions of dollars still, I do not believe there is room for growth. If the industry continues to decline, then I believe the only company that will continue to make a profit is Nike since they are so much more than just a golf manufacturer.

I think if a new entrant tried to enter this market after this decline, they may not be very successful. They would have to 4 already compete with the leading companies that have been in this industry for so long. They would have to start from scratch trying to build their brand, and market a new company in an already competitive business. STRATEGIC MAP STRATEGIC MAP TAYLORMADE-ADDAIS GOLF TAYLORMADE-ADDAIS GOLF

PERFORMANCE/REPUTATION PERFORMANCE/REPUTATION CALLAWAY GOLF COMPANY CALLAWAY GOLF COMPANY HIGH HIGH TITLEIST/ COBRA GOLF TITLEIST/ COBRA GOLF PING PING NIKE NIKE LOW LOW PRICE RANGE PRICE RANGE LOW LOW HIGH HIGH ------------------------------------------------ [ 1 ]. Based on Michael E. Porter," How Competitive Forces Shape Strategy", Harvard Business Review 57, no2 (March-April 1979). pp. 137-45 [ 2 ]. Gamble, John E. Competition in the Golf Equipment Industry in 2009 (2010) pp. 279