

Essentials of strategic management

Business



Competition in the payday lending industry is momentous. The order of competitive forces from strongest to weakest in Porter's five forces model are as follows: Potential Entrants – Substitutes- Industry Rivalry- Buyers- and Suppliers. Potential new entrants help discharge the pay day market which drive demand down in individual stores (the entries to barrier are extremely low kick for startup), substitutes such as credit cards offered by Providence, current industry rivalry also roved to be a competition force that affected individual pay day locations. Essentials of Strategic Management) 3) What are the driving forces that are currently affecting the payday lending industry? Driving forces that are distressing the payday lending industry are entry or exit of major firms, regulatory influences and government policy changes, marketing innovation, and lastly changing societal concerns and attitudes. (Essentials of Strategic Management, peg. 491) 4) What are the prevailing key success factors that most industry members ability to roster in the marketplace?

That they offer pay day loans quickly and conveniently, they know how to deal with credit cards efficiently and they were able to deal with regulations efficiently and fast.

(Essentials of Strategic Management) 5) What is Cash Connection's strategy for competing in the financial services industry? Inch of the five generic competitive strategies discussed in Chapter 5 most closely fits the competitive approach that Cash Connection is taking?

What kind of financial performance has the strategy produced? Strategy of Cash Connection company habit s to offer several services of temporary cash

lending which is different from other competitors for individuals who have financial troubles, especially for low-income individuals, young families and people who cannot have the entrance to the conventional financial institutions.

Cash Connection Company made several changes in the early 2000s, such as change the existing traditional financial institutions to the small-denomination; provide the soaring cost of bounced check and overdraft protection fees, late bill payment penalties and other informal extensions of short-term credit; use the continuing trend toward regulation of the payday advance services to provide customer with important consumer protections.

Unlike banking and credit union's services which have higher barrier to entry and high service fees, Cash Connection Company's services are more quick and convenient. Compared to the focused differentiation strategy, the Cash Connection Company not only provides amenities to low-income people but also place emphasis on people are of middle income and steady working class. (www.

Mastery. Com. AU/files. Upload/ 20130320...

363787910_6. Do 5) What evidence suggests that Cash Connection's strategy and business model are ethical and beneficial to customers and to society at large?

Is there evidence to suggest that the company's strategy and business model are neither ethical nor beneficial to customers and that the entire payday lending industry has few if any redeeming qualities? There are

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indication that shows that cash connection strategy and business model are ethical and valuable to customers and society. It unquestionably pays to the advancement of a nation's economy. However, there are there evidence suggests that the company's strategy and business model are neither ethical nor beneficial to customers.

People inquire the payday loan services took the advantage of low-income people.

Thus it can be said that pay day loans are neither ethical nor unethical. 7)
What recommendations would you make to Allen Franks to ensure that Cash Connection pursues an ethical strategy and does not engage in ethical wrongdoing? Rat they be true and honest to their customers, that they do not try to be fraudulent and give unreasonable loans to the poor, do not have high interest loans.