Swot analysis of porsche car company

Business, Company

Porsche has been remaining a profitable company manufacturing luxury sport cars for more than 70 years. The reasons behind that success are innovation, design, and brand reputation. The brand survived perfectly in the supercar market with full of external and internal pressures. There are changes in political regulations, cash flow management problems, and economic challenges which deduct weak survivors who cannot overcome those obstacles like Lamboghini who declared its bankruptcy in 1978 before being sold to many companies later.

In the present, Porsche is the brand under Volkswagen group or VW, a large automobile manufacturer who owns Bugetti, Lamboghini, Audi, Bentley, Seat, Scoda, Scania, and Volkswagen. The VW is also a large leading automobile group globally with one-ended service; financial service, dealer service, leasing, banking, insurance and fleet management. Porsche plays an important role in strengthen group synergy by helping other brands improve their innovation, manufacturing and quality.

The vital challenge for Porsche now is a change in the US's regulation on gas emission control in automobiles or CAFE which will set the emission of one car to be less than 39 mpg per car in 2020. In this case Porsche will not be able to sell its car in the US ever again unless the law is enforced in 2020. The US market is accounted for 26 percent of all sale revenues of Porsche. Being unable to sell its products to the US can cause Porsche to lose a lot of revenues. However, another large sale volume is now turning to china.

Although china is not the number one country for Porsche in term of sale volume now, its growing number in sales cannot be ignored. Nowadays, Porsche is using traditional way of expanding its global market, exporting, because of many uncertainties and its strong supportive of manufacturing infrastructure in German. Porsche started to leverage its sport functionality and brand equity itself to be beyond supercar boundary by introducing SUV, the Cayenne and sedan, the Panamera.

This time, it clearly showed that Porsche’s brand equity can be leveraged since the Cayenne and Panamera can still be competitive in multimarket competition and looked more luxurious than its competitors like BMW and Mercedes Benz. Problems of Porsche 1. Brand dilution challenging to overcome as it broke the boundary of a sport car brand and jump into SUVs and Sedans market and should it ceases its product line expansion and come back to focus only on its core competitiveness, sport car 2.

Market reaction to multiple sport cars offers by Audi, Lamboghini and Porsche 5 forces analysis 1. Rivalry in this type of market is moderate because first, each brand tries to differentiate itself from other competitors. For example, In SUV market, Mercedez Benz ML63 focuses on luxurious look and low price than Cayenne whereas Audi Q7 offers great interior design and BMW X6 acquires the faster SUV of all four brands. However, the competition between existing brands are still high, each brand tries to offer best quality and features as possible to offset with their luxurious prices.

Threat of substitute products is also low because of the innovation andtechnologyof Porsche is so unique such as PDK system and PTV system that were invented by Porsche helping to increase driving performance. Therefore, other substitute brands can only offer other things such as interior design and acceleration performance which will never be 100 percent substitute Porsche. 3. Bargaining power of supplier is high because Porsche offers such a premium luxurious supercar. The brand reputation and equity allow the company to charge more expensive price and also support its bargaining power since its product is hard to imitate.

Bargaining power of buyers is low as customers are becoming less price sensitive. For customers, when they purchase supercars, it is not about only price. It'd rather be performance, brand reputation, quality, and design. When Porsche can meet all of those requirements, they can charge higher price. 5. Threat of new entrance is low because of high capital requirement. The cost of setting up automobile factory is high and the innovation cost is also high and require a lot of accumulated experience to do so.

There are difficulties to imitate such innovation those invented by Porsche due to law protection and unique knowhow. Internal analysis Porsche is in focus-differentiation where it chooses to compete within small niche market with the ability to bring out its own uniqueness. Porsche differentiate itself from other competitors in term of unique design and technology. It becomes one of the leaders in supercar market in the world. Its own innovation, technology and design allow it to enjoy high profit rate from ability to response to customers who want a supercar with reasonable price and give them high performance.