

Elan and the competition in the ski boat industry essay sample

[Business](#), [Branding](#)



What are the chief economic characteristics of the boating industry?

Answer

1. The major characteristic of the boat industry is the overall economy.
2. When the economy is booming then the sales of boats will increase. These types of boats are considered a luxury item and when the economy is failing, so are the sales.
3. The market size is relatively small with only 17 major skis and recreational wakeboard boat manufactures nation wide, including Australia.
4. Rivalry among the boat manufacturers is spread out from the west coast to the east coast.
5. Distribution is very small; boat owners represent such a minute number of the total population of the country.
6. Product characteristics:
 1. Ski boat/ competition.
 2. Wakeboard boats, and
 3. Recreational boats.

·Growth opportunities

The growth opportunities of the boat industry are not as large as they use to be. According to the case, the growth in the number of recreational boats in

use has stalled over the past ten years, and the established number of participants has recently declined. The geographic area in which the products are purchased is another factor that affects the sales. There will obviously not be a demand for these boats in a cold state like Alaska. The areas that have lakes, and open waters will have more of a demand for these recreational boats, therefore growth opportunities in these areas are greater.

Question 2

What competitive forces are currently at the work in this industry? Construct a five forces model to support your answer.

Answer

Industry competition stage

The competition boat industry is still growing but not rapidly. It is not yet declining except in economic hard times for example. The industry is in the growth and the maturity stage of the industry. There is always innovations in this industry, there always has to be a boat better than the last one. The industry's profits are slowly falling because of the occasional period of overcapacity.

Five forces model for the industry

1. Rivalry

·Rivalry among these major sellers is moderate because of the number of competitors. There are only about five major competitors in this industry

- The demand for these products is continuing to grow slowly.
- The customer's cost of switching is low; the consumer could go buy another boat at about the same price.
- There are large capital requirements in order to start a boat company.
- The buyers are often attached to a certain brand, which is considered to be brand loyalty and/or a brand preference.

2. Suppliers bargaining power

- The competitive pressure from suppliers bargaining power is moderate to strong.
- The boat manufacturers use certain suppliers for different types of parts for their boats. The engine is an example because some industry leaders only use three different engine suppliers.
- There are only three major engine suppliers and because there are so few they are able to compete on prices.
- The suppliers have an advantage with these companies because they don't have to market their engines; they just sell them to the boat manufacturers.

3. Substitute products

- The competitive pressures from substitute products is weak because if a consumer wants a wakeboarding boat then I am sure that they will not substitute a ski boat or a fishing boat.

·In this industry there are not many, if any, substitutes for the initial item wanted by the consumer. Depending on what is referred to as a substitute, the strength might change.

·There are many different models of a ski boat and a wakeboarding boat. There are so many options that the substitution pressure could be considered strong.

4. Buyers

·The buying power is the most competitive factor in the competition boating industry.

·The number of buyers is important in this industry because the company is more willing to give a price break to a customer. The smaller the number of buyers the more the seller is willing to give a concession because if they lose the sale then it is harder to make up for the lost sale.

·The consumers who purchase these products are very aware of the prices, and maybe the costs.

5. New entrants

·The new entrants are unable to match the technology and the, know how. The high capital requirements are so large that it turns the new entrants away. The customer loyalty is a factor in the industry. Most of the customers have a brand loyalty and will not switch to any other name company.

Question 3

What driving forces are apparent in the ski boat industry? How is the marketplace changing? What is causing the changes?

Answer

Key driving forces in the industry and factors causing changes in the market place

- The product innovations can be a key driving force because it can widen the degree of product differentiation among the rival sellers.
 - The advance in technology can make it possible to produce new and better products at a lower cost. This can cause changes in the capital requirements, and even the learning or experience curve effects.
 - The changes in long-term industry growth is affecting the industry because it heightens the competitive pressures, thus creating a battle for more market share. This may force some companies to close their doors.
 - The shifts in buyer demographics can alter the competition by forcing adjustments in the customer service, or bringing different sales and promotion approaches into play.
 - New marketing innovations can affect the buyer's interest, increase product differentiation, and even lower unit costs.
 - These innovations can cause the rivals to come up with a new strategy.
- There is a growing buying preference for differentiated products.

·Buyers are looking for new features, style changes, and more options. This can change the industry because the rivals are always looking to out differentiate the other.

·The consumers want more companies to offer warranties and they are starting to and this a major driving force.

Question 4

Which companies are in the strongest position in the industry? The weakest? What are the competitive advantages of each of the four competitors discussed in the case? What strategic move do you predict each will make next?

Answer

Companies with strongest position in the industry

The companies in the strongest position in the industry are Master Craft, Malibu Boats, and Correct Craft. These have been the leaders in the industry.

Competitive Positions & Relative Competitive Advantages

Master Craft is attributed to its product standards. Master Craft has remained one of the front-runners in the competition inboards. Correct Craft offered the ' bumper to bumper' warranty, this was a first in the industry. Malibu is known for their innovation and quality.

Strategic move

The advance in technology can make it possible to produce new and better products at a lower cost. This can cause changes in the capital requirements, and even the learning or experience curve effects. New marketing innovations can affect the buyer's interest, increase product differentiation, and even lower unit costs. These innovations can cause the rivals to come up with a new strategy. There is a growing buying preference for differentiated products. These buyers are looking for new features, style changes, and more options. This can change the industry because the rivals are always looking to out differentiate the other. The consumers want more companies to offer warranties and they are starting to and this a major driving force.

Question 5

What are the key successes factors in the industry? What will take for a manufacturer to be successful in this industry?

Answer

Key successes factors in the industry and what will take for a manufacturer to be successful in this industry

- Product Quality: To maintain price and quality for being successful in attracting general customers. Quality and brand reputation are very important factors in able achieve customers who are experienced skiers.
- Customer service: The third success factor is the ability to provide consistent quality to customer's specifications. Quality products equal

customer loyalty and customer loyalty means profits and the funds to be able to allocate to methods.

Question 6

What factors make the industry attractive or unattractive to a ski boat manufacturer?

Answer

Attractive or Unattractive Market

The competition boat industry is an unattractive market.

- The rivalry among the top sellers is strong.
- Companies are also looking to be more innovative than the other.
- The capital that is required to start a boat company is the industry's largest entry barrier.
- The customer loyalty to the well-established companies is very strong.
- The three strongest competitors have a major advantage in gaining greater bargaining power over suppliers.

Question 7

How good is Élan strategy so far? What resource strengths and weakness does the company have? What are Élan's external opportunities and threats?

Answer

Élan's Resource Strengths & Weaknesses

- The resource strengths that Élan has are a powerful strategy supported by competitively valuable skills and expertise in key areas.
- These men have been in the boating industry for years, they just haven't built them.
- They have knowledge in the industry so therefore they have the strength of the innovation skills needed in order for the company to be successful.
- One of Élan's weaknesses is their balance sheet; they are burdened with too much debt at this time.
- The company has a weak brand image or reputation because the company didn't focus on their customer needs.
- Élan will now have to focus on this area in order to gain back a good brand image and reputation. Élan is just starting over again and they will have a weaker dealer network than the rivals.
- Élan has decided to bypass the retailers and sell directly to the end user. This will save Élan time in the delivery service as well as customer service.

Élan's External Opportunities & Threats

- Élan's opportunities are going to be expanding the company's product line in order to meet a broader range of customers needs.

- Their strategy is going to be to cater to the skiing and wakeboarding enthusiast with eight models and three series.
- The market share is open for grabbing because the top competitors are having a hard time right now.
- Élan has an opportunity to take away some market share once they start business.
- Élan's threats are the slowdowns in the market growth.
- The growing buying power of the buyers is also a threat because these customers are getting more precise in exactly what type of boat they are looking for.
- The price may have to be negotiated in order to sell the boat to them.
- Buyers are looking for a certain type of boat and they take a while to make the actual decision in which one to purchase.

Question 8

How does Élan stack up against its competitors? Where is it competitively strong or weak? Support your answer with a competitive strength assessment?

Answer

Élan's stack up against its competitors and its competitive strengths

·Élan and Farvet viewed that the leaders of the other companies in the industry as vulnerable due to unhappy buyers, sliding profits, excess capacity, and heavy debt.

·Élan aimed to attack its competitors first by revamping, and streamlining its activities cost chain to achieve a cost advantage and then pursuing first an “ours-is-better-than-theirs” approach.

·Élan’s saturation advertising strategy centered a distinctive image via a corporate identity and logo that stood from its competitors and ads targeted at the under marketed competition ski boat segment.

·They offered, “ free lessons and boat demo” for enthusiastic customers by which is improving its customer relationships.

·Élan also negotiated cross-marketing ventures with numerous water-ski and wakeboard manufacturers and retailers to give boat owners a onetime discount on ski equipment.

·Élan’s model was available in a variety of colors and a multitude of standard features; the company has been noted for having more standard features than any of its competitors.

Competitive weakness

·The company has a weak brand image or reputation because the company didn’t focus on their customer needs.

·Élan has weaker dealer network than the rivals.

·Élan boats must be able to invest in research and development to stay on the leading edge of their competitors.

Question 9

What strategic issues confront Ben Farvet and Jay Blossman?

Answer

Strategic issues confront Ben Farvet and Jay Blossman

- Élan boats must be able to invest in research and development to stay on the leading edge of their competitors.
- They have to come up with fresh ideas and innovations that will make their brand name stand out in the competition.
- They must reinvent the value chain to lower costs, and to better their product. They are already stating that they must approach this company takeover with cost saving strategies.
- Ben & Jay need to make sure that they don't fall between the cracks when they are strategizing.
- They need to be able to have lower costs, differentiation, and focusing without just taking the middle road.

Question 10

What recommendations would you make to Ben Favret and Jay Blossman to help them achieve their quest to make Élan the market leader?

Answer

Recommendations

- To be hyper efficient in the manufacturing and marketing for recreational and competitive water sports enthusiasts.
- Élan should strengthen its balance sheet; they are burdened with too much debt at this time.
- The company has to improve its brand image or reputation by focusing more on their customers needs.
- They must reinvent the value chain to lower costs, and to better their product.
- Should establish stronger dealer network than its rivals.
- The company must be able to invest in research and development to stay on the leading edge of their competitors.