

Citigroup's industry analysis

Business



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Citigroup's Industry Analysis 1. High Rivalry among Banking Companies The competition in banking industry is very high. There are many banks around the world. Although Citibank is the second largest financial services firm, the slow growth rate still affects it.

Moreover, banking industry hardly has differentiation strategy. Whenever one bank comes out with our new product or service, it can not stand for long period as other banks will follow its products and services.

In addition, customers have low switching cost that makes them easily shift to other banks, especially those who tends to find saving account with high interest rate or the low loan interest rate. 2. Low Threat from New Entrants It is less likely for new entrants can compete with existing major banks, especially Citibank. The capital and fixed cost that are required to get into this industry is high.

Moreover, it is difficult to create a brand image in banking industry.

Customer will not easily fall into your offer although you offer same or higher interest rate than other existing banks. People wants to save their money in the bank that can be trusted. In addition, new entrants might get problem with government regulation to get into banking industry. 3. High Bargaining Power of Buyers Citibank tries to offer value and convenience to customers.

If it does not differentiate over others, it will find difficulty to attract customers.

Customers themselves tend to be sensitive with the interest rate. They have variety of banks to choose from to save and invest their money with low

switching cost. Thus, Citibank has to offer a better products and services that can lure customer. 4.

High Bargaining Power from Supplier The supplier in banking is industry tend to be same with its buyer. Most banks use its customer money to loan to others and pay interest to investor with loan interest from loaner.

Those customers that have additional role as suppliers play important role in banking industry. Thus, if there are only few customers who save their money in the bank, that bank is more likely have problems in finding their contribution. 5.

Low Threat of Substitutes There are low substitutes for this product. Most people save their money in the bank now. Only few conservative people want to save their money at home, which can be risky for them unless they invest in something else. Bibliography Hoover's online Citigroup