

# [Nintendo’s strategy](https://assignbuster.com/nintendos-strategy/)

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This project is one of three reports I will complete as part of the strategic analysis of Harley-Davidson. This first report focuses on strategy analysis and includes the following sections. First, the major concepts related to the competitive advantage analysis will be defined. Second, those concepts will be applied to the case of Harley- Davidson in order to analyze its competitive position in the global automobile industry.

The analysis of Harley-Davidson will be followed by its evaluation to identify he major problem the company is facing and a proposed solution to overcome the challenge and continue to achieve a competitive advantage.

2. CONCEPTS Several strategic tools are used to determine whether a firm has achieved competitive advantage. These most tools are SWOT analysis, value chain analysis, and competitive advantage analysis. Each ot the tools involved a number ot concepts section will define the key concepts involved in the SWOT analysis, the value chain analysis, and competitive advantage analysis. . 1 .

SWOT analysis SWOT analysis is a strategic tool used to examine external forces and internal esources in order to determine a firm’s ability to respond effectively to the requirements of its external environment. The concepts related to external forces are defined first, followed by the concepts of the internal resources. The purpose of the external analysis is to identify opportunities (O) and threats (T) in a firm external environment. Opportunities are external factors that a firm can take advantage of to accomplish its objectives.

Threats are external factors that can limit a firm’s ability to achieve its objectives. Both opportunities and threats can be either industry or general forces.

The purpose of the internal analysis is to identify strengths (S) and weaknesses (W) in a firm’s internal organization. Strengths are internal resources and competencies that a firm can effectively use to achieve its objectives. Weaknesses are internal resources and competencies that undermine a firm’s ability to achieve its objectives. Both strengths and weaknesses can be tangible resources, intangible resources, or organizational capabilities. .

2. Value chain analysis Value chain analysis is a strategic tool used to examine a firm’s competencies in order to identify the activities that a firm should perform to create the most value nd achieve competitive advantage. A competency is an activity that is performed very well. A core competency is an activity that is central to a firm’s survival. A distinctive competency is an activity that a firm performs better than any of its competitors. A firm can create the most value (low cost and/or differentiation) when it performs the activity that is both a core and a distinctive competency.

A firm that creates the most value is in a position to achieve a competitive advantage. 2. 3. Competitive advantage analysis Competitive advantage is a set of value-creating strategies that are unique and hat result in above-average returns in the long-term. To create the most value and therefore achieve competitive advantage, a company must excel in efficiency and process innovation (if the value sought in low cost), or quality and product innovation (if the value sought is differentiation).

An effective competitive advantage analysis should be based on the conclusions provided by both the SWOT analysis and the value chain analysis.

The outcome of the competitive advantage analysis will be the determination of whether a company has or has not achieved competitive advantage. Such determination will constitute the basis for formulation strategies necessary to either sustain existing competitive advantage or create competitive advantage. 2. ANALYSIS Using the previous concepts, a strategic analysis outlining Internal and External factors for Harley-Davidson will be performed.

This analysis will help determine Harley-Davidson’s ability to maintain or create a competitive advantage.

3. 1 . SWOT analysis: The SWOT analysis for Harley-Davidson will begin with a look at the company’s external environment. This section will help to identity key opportunities and hreats in the general environment as well as in the industry before analyzing the company’s internal strengths and weakness. Harley-Davidson currently has two key opportunities within their industry.

These opportunities are the low threat of entry and the bargaining power of suppliers.

For years, Harley-Davidson has been the most reputable heavy motorcycle maker in the world. Due to this high level of reputation and the, the capital needed to enter the market this is an opportunity for Harley- Davidson to continue to hold on to its current market share. In addition, because of Harley-Davidson’s size, smaller parts suppliers have little power to set prices of heavy motorcycle parts. These industry opportunities help Harley-Davidson to create value and expand on its competitive advantage.

General factors such as a rise in demand in international markets as well as a change in market demographics have also created opportunities for Harley-Davidson.

Specifically, Demand in the European, Asian, Australian, and Latin American markets is on the rise and is now larger than the U. S market for heavy weight bikes. Females and teenagers are also showing an increased interest in riding bikes. Both the international market growth and the increased interest of different demographic segments will help Harley-Davidson to develop new strategies and gain the competitive advantage.

Although Harley- Davidson has many opportunities, they still face several significant threats from external forces. For example, within the industry Harley faces threats from the intensity of competition and the threat of substitute products.

Harley-Davidson is competing with Asian motorcycle makers such as Yamaha, Suzuki, and Honda. While these makers do not specialize in heavy bikes, they do have the potential to reduce Harley-Davidson’s market share as well as provide substitute products for consumers.

Automobiles also pose a threat due to the ever-increasing amount of cars being produced and sold internationally. This has forced Harley-Davidson to spend more money on marketing in foreign markets. In the general environment, Harley-Davidson is encountering changes in European emission standards as well as trade restrictions and legal factors in Asia. In 2015, Europe’s admission standard will become more stringent and could force Harley- Davidson to redesign its motorcycles leading to large increases in the companys operating costs.