

# Customers as a Competitive Force

**SUBMITTED BY:** Knowledge@Wharton Summer Educator

**SUBJECT(S):** Management

**GRADE LEVEL(S):** 9, 10, 11, 12

## ≡ OVERVIEW:

Students will learn about the “customers” element of Michael Porter’s framework for analyzing business growth potential known as: The Five Competitive Forces, and apply this knowledge in developing a growth strategy for a business, product or service that they choose.

## ≡ NBEA STANDARD(S):

- Management, II. Management Theories

## ≡ RELATED ARTICLES:

- [“Is Disney’s Paid Streaming Service a Happy Move?”](#)
- [“Enterprising Easter Bunnies Share Lessons in Entrepreneurship”](#)
- [“A Teen Entrepreneur Ventures into Cyclist Safety and Product Sales”](#)

## Common Core Standard(s):

- *Reading Standards for Informational Text:* Cite strong and thorough textual evidence to support the analysis of what the text says explicitly as well as inferences drawn from the text.
- *Speaking & Listening:* Initiate and participate effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with diverse partners on grades 9–

10-11-12 topics, texts and issues, building on others' ideas and expressing their own clearly and persuasively.

- *Speaking & Listening*: Present information, findings and supporting evidence clearly, concisely and logically in such a way that listeners can follow the line of reasoning, and the organization, development, substance and style are appropriate to the purpose, audience and task.

### Objectives/Purposes:

- Students will learn about the “customers” aspect of Porter’s model in the context of the chocolatier’s expansion into the Chinese market.
- Students will explore the “customers” element of Porter’s model in reference to their own projects.
- [Porter’s Five Forces Worksheet](#)
- [Porter’s Five Forces PowerPoint](#)

**Knowledge@Wharton Article:** [“The Bitter and the Sweet: How Five Companies Competed to Bring Chocolate to China”](#)

### Other Resources/Materials:

Background information on Porter’s Five Forces framework can be found on Wikipedia:

[http://en.wikipedia.org/wiki/Porter\\_five\\_forces\\_analysis](http://en.wikipedia.org/wiki/Porter_five_forces_analysis)

### Activities:

- 1) Recap with students your discussion about Porter’s Five Forces model thus far. Use the graphic provided on Wikipedia to give students a visual representation of the Five Forces, emphasizing that today’s lesson will focus on the element of: **customers**. (3 mins)
- 2) Using the example of the chocolatiers’ attempts to take advantage of the newly opened Chinese market, discuss with students the issues raised in the Knowledge@Wharton article about the customer response to this new product. (10 mins)
  - a. Definition: In Porter’s model, the term **customer** refers to those who purchase the goods or services offered by a business. Customers may be individuals and they can also be institutions (e.g., ballpark concessions, movie theaters).

b. Have the students assist you in identifying the “customer” issues raised in the article. Record the students’ responses on an overhead slide or on the board. Below are some guiding questions you may want to use:

- i. Do we have any idea about Chinese consumption of chocolate?
- ii. How does culture figure in pleasing the Chinese consumer vs. other consumers?
- iii. What do we know about the preferences of the Chinese consumer for chocolate?
- iv. Is there any particular information that would help us better in knowing the Chinese consumer (e.g., age-related buying practices, perceptions about health, dietary issues)?

3) After discussing the article, direct students to work with their partner to speculate about customers’ issues relevant to the profitability of the business, product or service for which they are strategizing. (10 mins)

4) Regroup students and have each paired team share their list of customer considerations with the whole class. Encourage others to offer additional suggestions or critiques to what the team came up with. (12 mins)

5) Wrap up the discussion by underscoring any notable comments made during the sharing period and clarifying any points students may have misunderstood.

6) As an exit slip, have each student complete an index card responding to the following prompt:

a. Do you think your industry currently understands the customers’ wants and needs? What factors do you think the industry is overlooking?

**Practice Outside of the Classroom:** Have students continue to research information about the product, service or industry they are examining for this exercise.

**What Worked and What I Would Do Differently:** To really do this exercise correctly, students must have access to the Internet to do research on the product, service, or industry of their choice. In the summer program, the students did not have such access so I gave students the opportunity to use the one computer we had in the classroom for about ten minutes each (really not enough time). I also worked with the small groups individually to help them think about each of the Five Forces in relation to their product, business or service. This is actually very helpful even if students have access to computers. The share-out times were helpful, too, because each student possesses different types of knowledge about all kinds of products. They enjoyed talking about what they knew.

It is a good idea that students select a simple product or service to study, rather than something complex or too broad an area. Some good examples that students studied in the summer were Tastykake and Old Spice. With the emergence of independent cupcake bakeries such as the Buttercream Cupcake Truck in Philadelphia, and the decline of Tastykake in general, this was a cool industry to analyze — especially with regard to understanding the role of *Entrants*. Other students focused on the return of Old Spice as a major player in men’s grooming products. In recent years, there has been an explosion of new players vying to serve young males interested in smelling good on a budget (e.g., Axe, Dove Men’s collection). In this case, exploring the *Customer* element of Porter’s model was particularly interesting as we figured women were still largely involved in product selection for men.

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