

Unit 5 assignment 2: International business:

Management Accounting: Costing (North Warwickshire & South Leicestershire College)

Preview from Notesale.co.uk
Page 1 of 14

Unit 5 Assignment 2: External factors and cultural differences:

Porter's 5 forces on the Netherlands:

Threat of new entrants: This sits quite low as Netherlands mainly exports goods rather than people setting up business up there, so Morrisons already being established shouldn't struggle if they wish to make moves to the Netherlands.

Threat of substitutes: I deem this to be low due to Morrison's having a USP of sourcing most of their products locally, which not many big supermarkets do.

Therefore, there should be little to no risk of substitutes.

Competitive rivalry: The Netherlands has quite high competitive rivalry due to being major exporters globally, and they also have lots of experience within the different markets, therefore they could be deemed as a competitor for many other countries.

Bargaining power of suppliers: Is quite high as there are many different suppliers to choose from within the Netherlands, but also the prices are always fluctuating due to continuous competition, so suppliers are trying to provide the best price.

Bargaining power of customers: May be medium to high as customers will always demand the best price for products as they want to bargain with companies, therefore Morrisons would have to price products carefully otherwise people will not shop there in the Netherlands.

Porter's five forces for Switzerland:

Threat of new entrants: The threat may be high as the cost of production for new entrants is fairly high in Switzerland, so Morrison's may struggle to get on their feet unless they are producing large quantities, which would give them a price advantage.

Bargaining power of customers: This is the same as the Netherlands, as customers want to receive the best price possible, which means the demand is high and rather competitive for businesses like Morrisons.

Bargaining power of suppliers: Bargaining the price of suppliers might be quite low because Switzerland is land-locked, therefore because products take so long to import and export, the price of goods might be a bit higher than other places.

Competitive rivalry: Due to Switzerland being land-locked this will increase competitive rivalry, as it will be a competition for which business has what products available to sell and who will have the best prices.