CHAPTER 16 - PORTER’S FIVE FORCE MODEL

For understanding the capability of the brush industry having the average or higher rate of growth in the market and making the decision for entering into the competition the porter’s five Force model is very helpful to understand the strength of the company and to analyse the surroundings involving in the path of business. The porter’s model help us to understand the strength of the company for a particular market and the challenges that he needs to face in order to survive in the horse competition for generating a clear identity for a company at which stage of business ground is he standing.

We have discussed about the profit margins the brush industry can generate by providing high quality of products at variety of sizes on different terms but the factors like internal competitions, rise of prices of raw materials such as filaments and other factors decreases the margin of the brush companies which they have to deal on daily basis.

![Diagram of Porter's Five Forces Model]

- Bargaining Power Of Suppliers
- Threat Of New entrants
- Industry Rivalry
- Threat Of Substitutes
- Bargaining Powers of buyers
16.1 - Bargaining power of customers
As discussed in the previous section there are very few companies in paint brush business for Saurashtra market which holds the decision making power of changing the direction and so the customers does not have much choice left for paint brush application and so it decreases their bargaining power upto a certain level. There is also a lack of knowledge in the customers regarding the manufacturing process and production cost for the paint brush and so cannot judge the final costing of the product which the company's takes advantage for filling their pockets. The advantage with the business of such products like paint brush who do not have the expiry date criteria and thus the dealers or wholesalers are in a relaxed mode of managing the stock and selling them on the deadline. This also includes the low quality of Brush to the highest quality of Brush because the raw materials market in today's time is 90% of it is synthetic filaments and thus doesn't have to worry about the price sensitivity and reliability of the brush.

16.2 - Bargaining power of suppliers
For India specifically the use of the natural bristles has been reduced to 70% from past 10 years due to the band of the government on harming the animals and thus the black market of the bristles has rose to a new Heights and thus the company needs to import outside of the boundary which directly increases the price of the final product. There are only 1 or 2 companies in India who are manufacturing the filament in bulk and thus have the highest bargaining power to deal with every player involved in the manufacturing business of brush.

16.3 - Large companies turning giant
The dominant of the big companies just like paint industry has been also increased in the brush market due to the expansion of financial background which discourages the small companies for trying new segments in the market and thus they don't get their expected openings in the Saurashtra region due to the purchasing power of the companies and thus it is difficult for them to survive in the market.

16.4 - Threat of new entrants
Local entities of brush industry
If we separate the two segment of the brush market namely the organised sector in which the payment terms, price list, distribution Network and services are on the
strick level of inspection and at regular interval of time, while the other is 
unorganised sector where there are many small players involved in the brush 
business but due to the unavailability of the team involved in this field and the lack of 
skilled labours in the manufacturing unit it does not have any impact on the market. 
The local entities in spite of having average business are upgraded with the every 
tiny little information’s related to the needs of the Painters working in certain manner 
and thus are threat for the new entrance that are unaware of the local market.

16.5 - Foreign players
For any company to get it success in the new field the main focus should be on the 
activities of the competitors and depending on the drivers of the industry which are in 
regular touch with the market of paint brush especially for Saurashtra. The foreign 
brands have entered with the idea of making an impact in the market of their brand 
by collaborating with other giant leaders and having strong financial network which 
can create higher distribution in order to attract maximum customers and thus are 
considered to be a threat for the new entrance.

16.6 - Substitute threats
The local companies are in constant research of meeting the demands of the 
customers by giving the same style of product like the giant companies or 
competitors at cheaper rates so that they can direct other customers to follow their 
brand and thus are continuous in demand specially for the rural markets. This 
generates the thread for the new entrance and this can lead to the shift of the 
customers from one brand to another.

16.7 - Introduction of rollers
The brush company has the major competition with the manufacturers of rollers 
which is considered to be a substitute of brush. For particularly Saurashtra market 
this is not an issue because the painter’s first uses paint brush for painting the walls 
and then for making it on uniform level rollers are used. But if you talk about the 
metro cities, it can be considered as a threat because there are many people who do 
not have much time to supervise the workers and thus uses fast services like rollers 
to paint their houses.
16.8 - Internal competition
For the manufacturers of the paint brush the main goal of the company is to reduce the cost of production as to gain maximum profit from the market. Particularly for Saurashtra region there are mainly two companies involved in the manufacturing of paintbrush and are considered to be the leader of the market and have similar price rates from which the customer can choose from. This both company combinedly has occupied 70% of the market of Saurashtra in paint brush business and the remaining 30% is covered by the other players. When the prices are nearly same of two different companies then the game changes its hand based on the quality and experience. The painters have now to choose the comfortable brand and at the same time if audible to the contractors or owners of the house who is doing all the spendings.