Our groups’ industry analysis of the personal computer industry as it relates to Hewlett Packard will touch on very important aspects of how and why HP must sustain their competitive advantage on their competitors. We will start off by explaining the business and economic characteristics of HP’s industry. Followed by, driving forces of their industry that are essentially to competitive advantage. The industry also has competitive forces at work that are crucial to sustaining success. We will also discuss HP’s competitors, how strong or weak they are. Next, we will predict where our competitors are headed and who will make big moves next. Lastly, the factors that make or break the industry including: economics, political, social, technological, competitive, and geographical factors.

HP mainly focuses in two industries: Personal computer manufacturing and computer manufacturing. The difference between these industries is that in the Computer manufacturing industry they produce items such as mainframes, servers, storage devices and input/output devices such as printers, monitors and keyboards. The Personal computer industry focus on desktops and personal computers (PC’s) such as laptops, netbooks and tablets. Hewlett Packard has two basic items it produces: computers and printers. “HP makes a full line of computing devices from desktops and laptops for commercial and consumer use to tablets and point-of-sale systems. Its printers include large format commercial printers and inkjet and laser printers as well as 3D printers.” (D&B) The economic characteristics HP faces in their respected industry are factors such as the cost of labour, capital and energy. An example of this would be a change in demand for software developer could potentially decrease or increase HP’s profits.

Technological forces are changing the way HP does business. With the advances in the industry it is easier for them to produce in mass quantities at a cheaper price. This gives the industry a big leap by allowing them to focus on other parts of the business. Competition is another driving force that constantly keeps companies such as HP on edge. It helps them produce new technology with the will to be at the top of their respected industry. Demand for the product is another driving force that keeps an industry moving. If no one wanted a laptop or if there was no need for computer software anymore, the industry would cease to exist. In HP’s case, luckily for them, computer technology seems to be the future of the world.

In order to sustain success and performance within an industry one must assess what competitive forces are at work within a market. Competitive forces are factors that influence the competitive position of a company in an industry. In order to remain an industry leader a company must ensure that they are leaders in their ability to handle threats from new entrants, effectively produce goods at a low cost and be able to overcome competition from rival companies. There are ways in which companies can ensure success and growth within an industry to be leaders in a market. On way to ensure success is through the use of Porter's three generic strategy. The first is ensuring that a company is a cost leader meaning they are able to have the lowest cost of operation in an industry. In order to be a cost leader, you must ensure that you are to have a defined scope, produce effectively through standardized products and by the use of the best technology you can attain. Second would be to implement the differentiation approach. Differentiation is when you are able to develop a unique product that allows a company to be a leader through creating a high level of value in a product. The higher the value a product ultimately leads a company to be more competitive while charging a higher price than rivals. The final strategy is called the focus strategy and is when a firm enters a smaller market or industry. The goal of this approach is to be able exploit the needs of a niche group of consumers through a cost or differentiation approach.

HP’s overall strategy is to be a cost leader in the computer and technology market. HP has found that using various manufactures from all over the world has allowed for a decrease in cost of production. They also are able to use a direct sales force to sell to large enterprises allowing for orders to be placed in bulk and produced by manufactures and suppliers outside of HP’s native country allowing for the best cost practices to be implemented. After the sale of units to the enterprises have been completed, remaining units are to sold retailers and resellers. Having the ability to produce in larger quantities has allowed for high levels of manufacturing efficiency.

In the market space that HP is competing in, there are a couple major competitors that HP must be aware of. Firstly, being Lenovo and second Dell. These two competitors have been able to compete successfully by releasing a large variety of products and laptop designs all offering different features to different consumer groups. Lenovo is able to have a strong competitive advantage through its ability to continue to sell large amounts of PCs despite the declining market. They are able to do this because of their connections to large corporations in need of computers. Lenovo also competes by offering innovative products that generate high value in the eyes of technology consumers. Having top of the line products is a big factor that can contribute to financial success and competitors that may be behind on innovation must catch up or find another strategy to continue to generate sales.

Dell is also competing but in a different way. Dell follows the methodology of providing products “better, faster, and cheaper.” This means that not only is dell trying to remain on the cutting edge but is also highly concerned with cutting cost and reducing prices for consumers. Dell is able to continue to meet customer needs through their ability to provide build to order which ultimately creates a high value for the consumer. Dell is also targeting major corporations for their sales with their secondary focus being on medium to small sized businesses. Dells products are built with longevity in mind and are manufactured to be able to perform for many years. There is also a high-level customer service offered for their products. For example, Dell offers set up support and if a product turns out to be defective Dell will send out a replacement part along with a service representative. All of these factors are what has largely contributed to Dells ability to compete in the PC industry.

Hewlett Packard is likely to make the largest jumps forward in the near future. Of the competitors, Dell Inc is the closest competitor to breaking through and becoming the new industry leader. As previously stated, Dell’s slogan is to provide products “better, faster, and cheaper” than other competitors. This is an intriguing idea to the industry, Lenovo definitely is falling behind and needs to implement similar strategies to catch back up. With Hewlett Packard and Dell being the industry leaders they are in a tight battle as to who can sustain market leadership. Both of these companies must utilize the following factors in order to separate themselves from each other. The next big competitive move could be a number of different things, perhaps even faster processing speeds, clearer resolution, or addition device capabilities. Our group will keep an eye on the coming months to see which company if any, makes a big move in the industry.

The keys to competitive success in the personal computer industry is the innovation that a company has and the ability to invest profits into research and development of new products. Being able to produce what the customer wants is the number one way to have success in any industry but even more important in technology. For this reason many companies are beginning to offer a “build-your-own” option. Also being able to use the knowledge acquired during the research stage to manufacture other technologies such as laptops, tablets, printers and cellphones. In addition, having bargaining power with suppliers and buyers creates an advantage over competitors. The computer industry has bargaining power over suppliers because there are many suppliers with none having significant control. The computer companies hold the power to bargain with the suppliers of parts because of the financial stability they possess. The buyers on the other hand, as individuals do not have significant buying power, as a large group they have moderate bargaining power over the computer companies. Buyers are well informed and tend to purchase well known brands. In order to be successful in the computer industry HP must utilize their profits intelligently by investing in advertising, finding a cost effective supplier, and innovation.

The personal computer industry is a very stable market with a handful of large companies like HP, Dell, Lenovo and Apple. Although the threat of new entrants is low, the rivalry between existing firms is high. The threat of new entrants is low because the cost of manufacturing and distribution is restrictive. The most probable way into the market at this moment is to create a software and sell it to a large company that is already producing the computers. As for the current companies there is plenty of room for profitability and growth. HP in particular not only sells computers but also cameras and printers and Apple sells smartphones that are highly compatible with their computers.

In conclusion, the computer industry is a stable, competitive market with any one company able to pull ahead at any time.There is low likelihood of any new entrants into the PC world. HP has been making moves to maintain a top spot by investing in research and development and appealing to a large portion of the market.

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