Paper ID: 22040
oral

BUSINESS INNOVATION SYMPOSIUM (E6)
Poster Session (P)

Author: Mr. Ken Davidian
Federal Aviation Administration Office of Commercial Space Transportation (FAA/AST), United States, ken.davidian@faa.gov

Mr. Dustin Kaiser
Futron Corporation, United States, dkaiser@futron.com

EARTH TO ORBIT SPACE TRANSPORTATION MARKET INDUSTRY STRUCTURAL ANALYSIS

Abstract

Under contract to the Federal Aviation Administration's Office of Commercial Space Transportation (FAA AST), the Futron Corporation conducted an industry structural analysis for the emerging commercial earth-to-orbit (ETO) space transportation market. Porter's market environment model is based on the theory of industrial organizational economics and predicts market profitability of an industry segment as a function of five "forces": (1) Threat of Entry, (2) Intensity of Rivalry Among Existing Competitors, (3) Pressure from Substitute Products, (4) Bargaining Power of Buyers and (5) Bargaining Power of Suppliers. The first force is primarily comprised of two components, (a) Barriers of Entry (BOEs) and (b) Expected Retaliation from competitors. The BOEs are divided into seven categories, including (i) Economies of Scale, (ii) Product Differentiation, (iii) Capital Requirements, (iv) Switching Costs, (v) Access to Distribution Channels, (vi) Cost Disadvantages Independent of Scale and (vii) Government Policy. The primary goal of this paper is to summarize the results of the overall industry structure analysis with special emphasis on the seven BOE categories of the emerging ETO space transportation market.