Access and exploitation of a specific advantage:

Existing firms have privileged access to distribution channels, sources of supply, exploit a patent, or a favourable location, etc.

Economies of scale:

Companies in the principal market need to achieve significant economies of scale to be competitive.
This requires immediate high-volume of production.

Highly differentiated offer:

The main market offers customers a significantly different proposition. However, it is marked by a significant decline in the ability to differentiate.

Socio-cultural evolution:

Cultural aspects, preferences and fashion phenomena are in favour of a change in customers' desires.

Degree of innovation in the adjacent market:

The product/service in <u>the adjacent market</u> is supported by a new technology that stimulates a new consumer's desire.

Customer sensitivity to price changes:

The functions performed by the main market products are easily provided by other different products with a better price/performance ratio.

Balance of forces:

The firms in the industry are equally strong, so the reaction of one is strongly sanctioned by the response of the others.

Capital intensity:

This is the case with <u>highly specialised production tools</u> that have required considerable investment.
Existing companies cannot exit the market because disengagement will cost them dearly. They will defend their position hard.

Principal market in maturity:

Sales stagnate, the main market reaches saturation (maturity), competitors are forced to adapt their decisions by reducing costs, differentiation, price drops, etc.

Concentration of the upstream market:

One or more suppliers monopolise the supply market against a market of dispersed consumers

High transfer costs:

The manufacturing processes are dependent on an advanced technology or a specific component. This advantage is held by a minority of suppliers.

Threat of backward integration:

The brands launched by the supermarket chains compete with those of their suppliers.

Concentration of the downstream market:

The high concentration of customers creates situations of dependence on the profitability of companies in the main market.

Low transfer cost:

The supply in the main market is standardised. Customers change suppliers with the least cost.

Threat of downstream integration:

Suppliers enter the main market to compete with their customers.