

Porter's Five Forces

RIVALRY AMONG EXISTING COMPETITORS:

- Number of competitors
- Diversity of competitors
- Industry concentration
- Industry growth
- Quality differences
- Brand loyalty
- Barriers to exit
- Switching costs

THREAT OF NEW ENTRANTS

THREAT OF NEW ENTRANTS:

- Barriers to entry
- Economies of scale
- Brand loyalty
- Capital requirements
- Cumulative experience
- Government policies
- Access to distribution channels
- Switching costs

BARGAINING POWER OF SUPPLIERS

BARGAINING POWER OF SUPPLIERS:

- Number and size of suppliers
- Uniqueness of each supplier's product
- Focal company's ability to substitute

RIVALRY AMONG EXISTING COMPETITORS

BARGAINING POWER OF BUYERS

BARGAINING POWER OF BUYERS:

- Number of customers
- Size of each customer order
- Differences between competitors
- Price sensitivity
- Buyer's ability to substitute
- Buyer's information availability
- Switching costs

THREAT OF SUBSTITUTE PRODUCTS:

- Number of substitute products available
- Buyer propensity to substitute
- Relative price performance of substitute
- Perceived level of product differentiation
- Switching costs

THREAT OF SUBSTITUTE PRODUCTS



Porter's five forces with explanation

- Profitable industries will definitely attract new investments, resulting in increasing of supply and reduce the margin in those industries.
- A substitute product means resolving the same problem with cost-effective way by advancing technologies.
- The bargaining power of customers is decided by how many suppliers in the market. If customers are easy to get what they want in the market, they will enjoy higher degree of bargaining power.
- The bargaining power of suppliers is subjected to the availability of the product in the market. Advanced or differentiated technology will enhance the bargaining power of suppliers.
- The intensity of competitive rivalry could be judged through the concentration degree of the TOP 5 suppliers or downstream end users. The more fierce competition of this industry, the lower produce price will be witnessed.