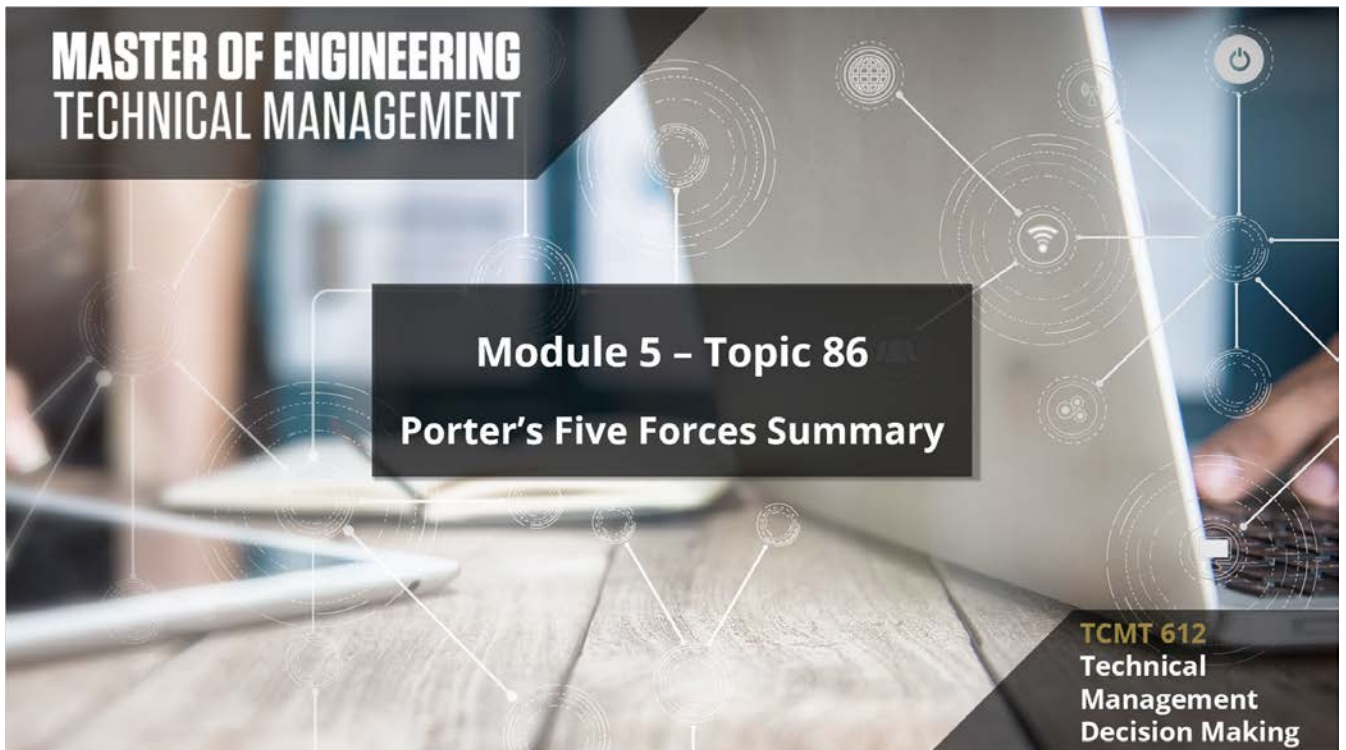


TCMT612_05M_086T_Porter-five-forces-summary

1. Main

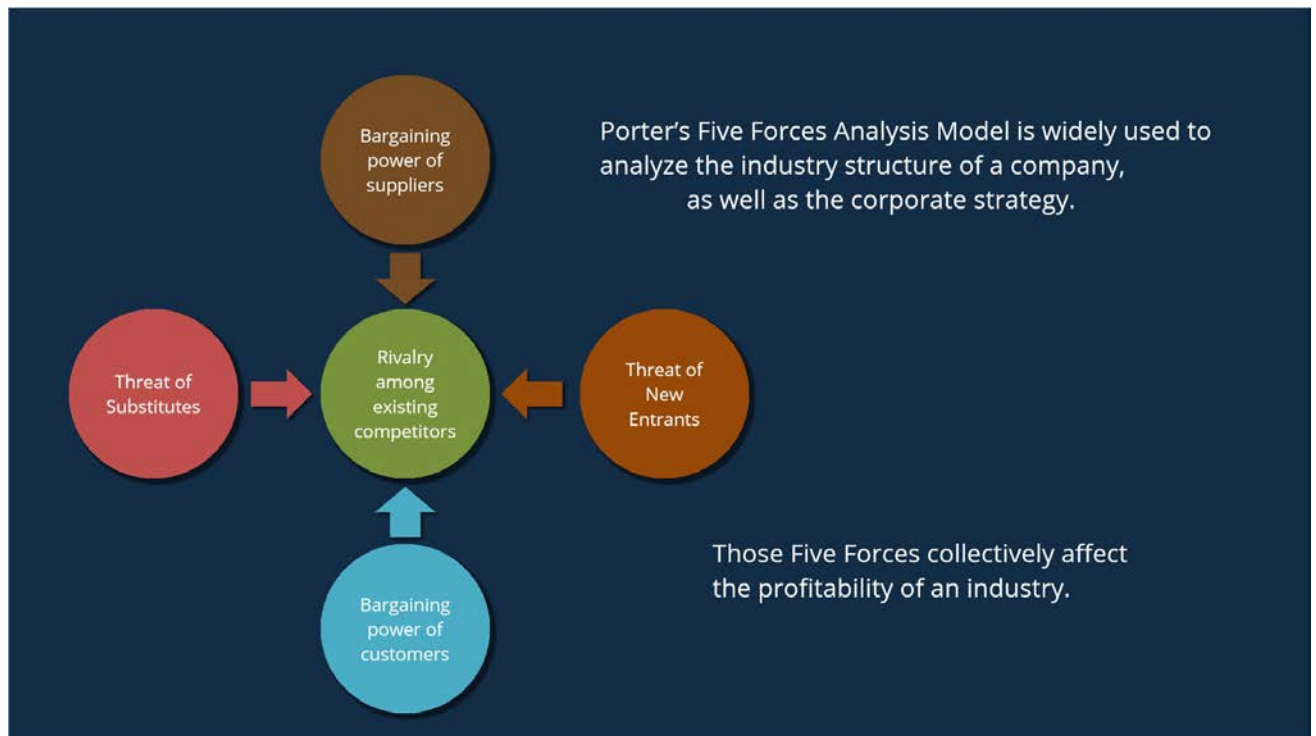
1.2 Topic title



Notes:

In this topic the professor summarizes the Porter's Five Forces of competition model.

1.3 Introduction

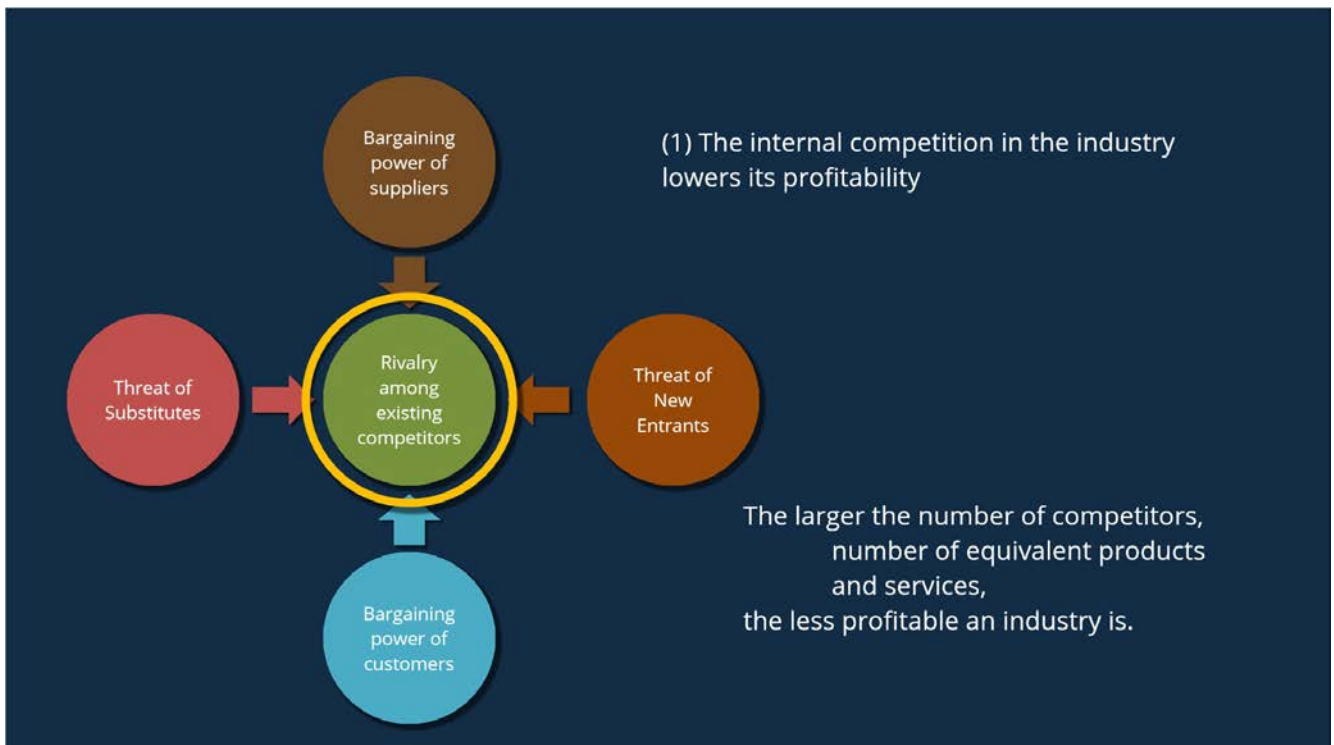


Notes:

The Porter's Five Forces Analysis model is widely used to analyze the industry structure of a company, as well as the corporate strategy.

Those five forces collectively affect the profitability of an industry.

1.4 Internal competition

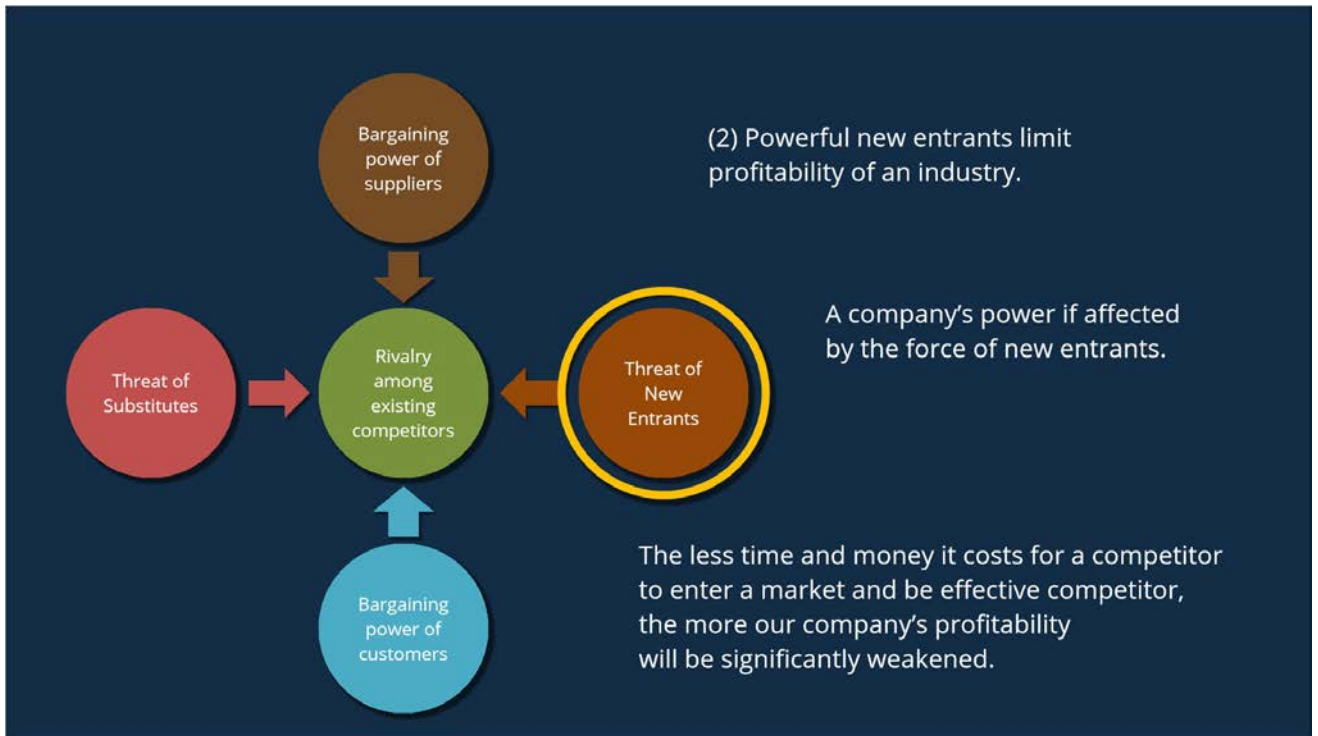


Notes:

The internal competition in the industry lowers its profitability.

The larger the number of competitors, along with the number of equivalent products and service they offer, the less profitable an industry is.

1.5 New entrants



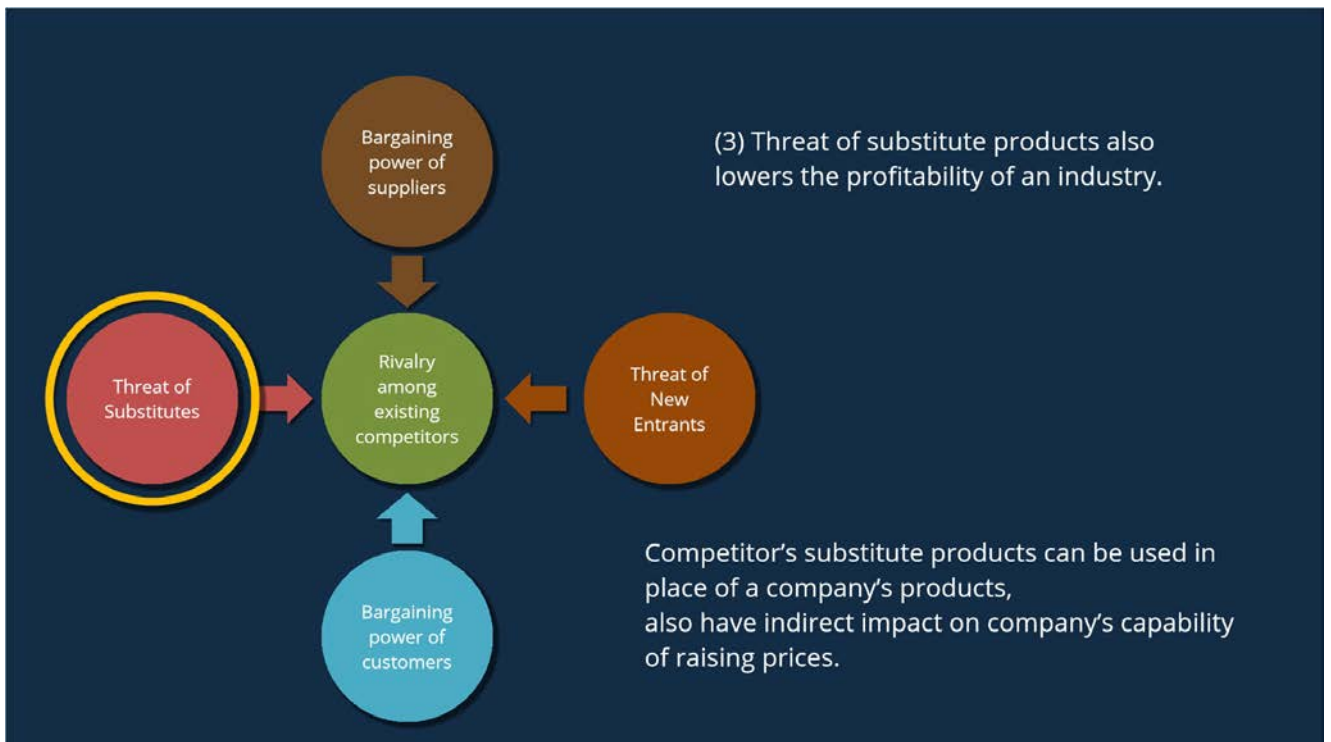
Notes:

Second, powerful new entrants also limit the profitability of an industry.

A company's power is affected by the force of new entrants.

The less time and money it costs for a competitor to enter a company's market and be effective competitor, the more our company's profitability will be significantly weakened.

1.6 Substitute products



Notes:

Third, the threat of substitute products also lower the profitability of an industry.

Competitors substitute products can be used in place of a company's products and also can have indirect impact on the company's capability of raising prices.

1.7 Power of suppliers

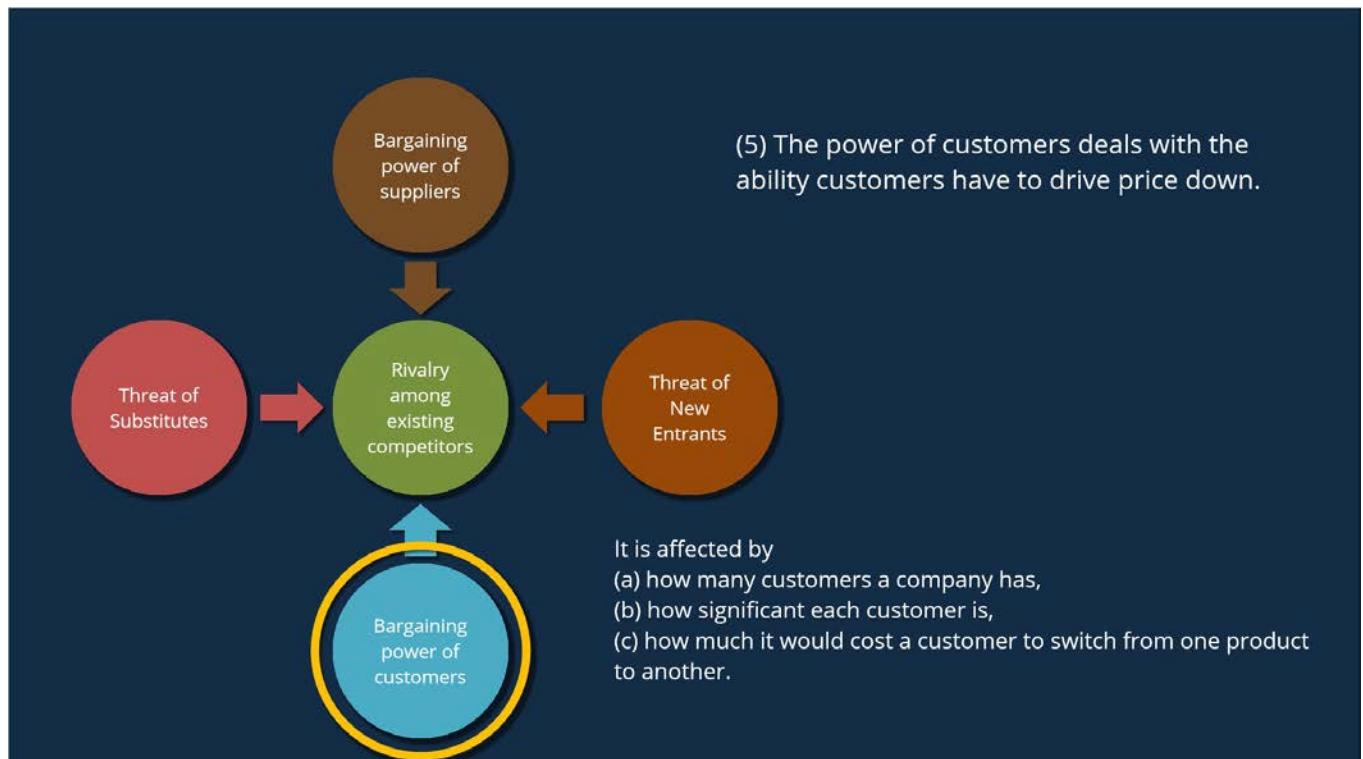


Notes:

The power of suppliers determine how easily suppliers can drive up the price of goods and services.

It is affected by the number of suppliers, of key aspect of products: how unique those products are, and how difficult or expensive for a company to switch from one product to the other.

1.8 Power of customers



Notes:

The power of customers deals with the ability customers have to drive price down.

It is affected by how many buyers or customers that a company has, how significant each customer is, and how much it would cost a customer to switch from one product to the other.

1.9 Profitability squeeze

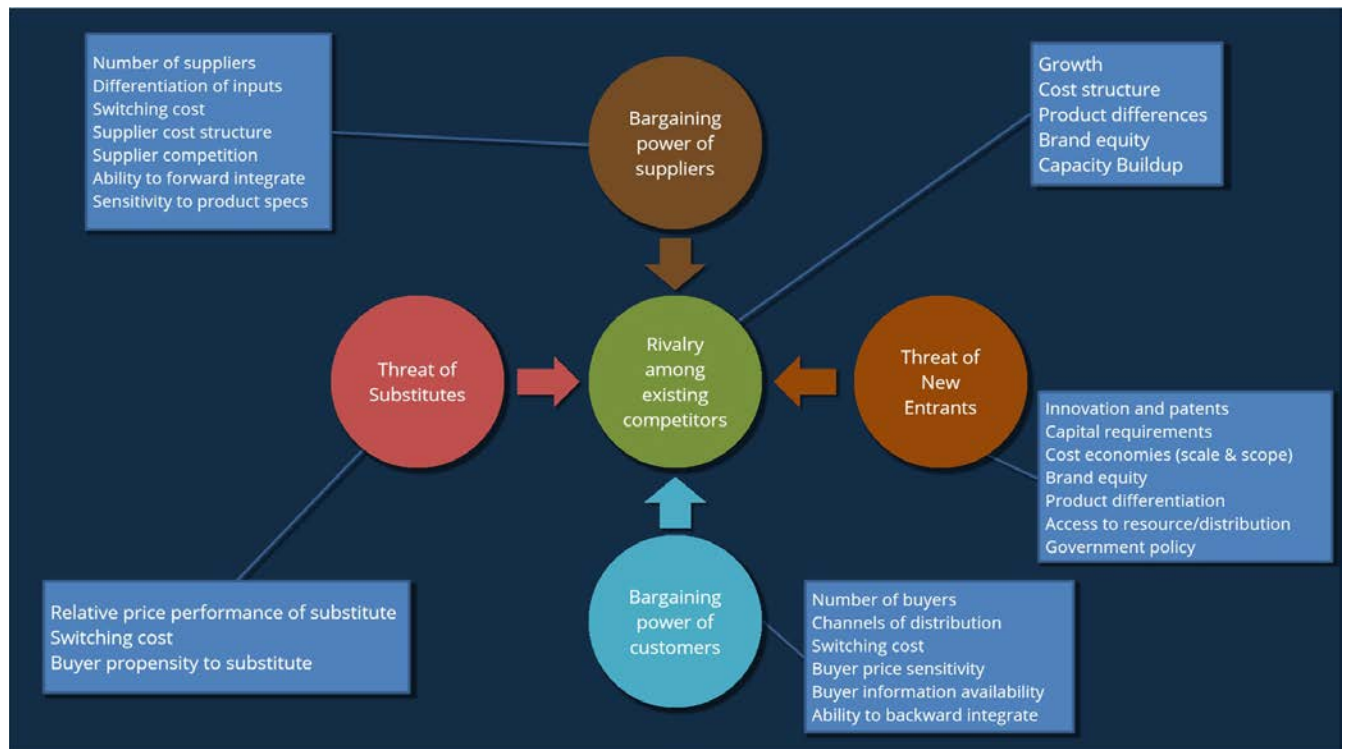


Notes:

Sometimes the threat can be fatal to companies.

The bargaining power of suppliers and also the bargaining power of customers can squeeze the profitability of an industry from both sides, from the price side, and also from the cost side.

1.10 Conclusion



Notes:

In summary, the collective effect of those five forces have a significant impact on a company's ability to make a profit.