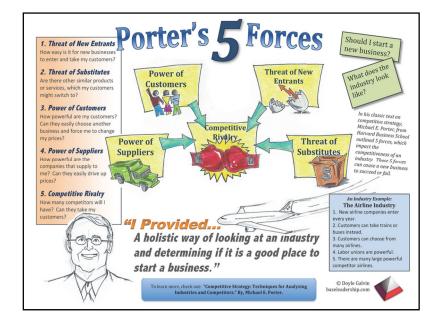
Porter's Five Forces 26-Nov-13



## How does this aid decision-making?

- Helps firms decide whether or not to enter a market and the potential profitability
- Helps firms decide whether or not to stay in an existing market
- Helps firms think about how to improve their competitive position...
  - Differentiation/patents
- buying or merging with suppliers or competitors to reduce their influence
- targeting different segments that might be less competitive
- colluding with rivals to force weaker rivals out
- Signing exclusivity agreements with buyers to ensure future sales



## **Evaluating Porter's Five Forces**

- Enables managers to think about the current competitive structure of their industry in a structured and logical way
- Good starting point for further analysis, however
  - Static analysis (industries change rapidly)
  - Can become very complex and overwhelming
  - Relies on accurate and easily-obtainable data

