



## 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

