

## Porter's Five Forces

This framework is a simple and effective way to scope out the competitive landscape your business is operating in, and what your product is up against.

Not in terms of product specs or features, but in a broader sense of industry or segment competition, focussing on the user's ability to switch from your product to competitors.

Focus area	What does it mean?	What to look for?
The threat of new entrants	How easy could a new competitor enter the market?	<ul style="list-style-type: none"> <li>• Time to entry</li> <li>• Cost of entry</li> <li>• Economies of scale</li> <li>• Technological protection</li> <li>• Other barriers to entry</li> </ul>
Bargaining power of buyers	How much power do your customers ultimately have?	<ul style="list-style-type: none"> <li>• The number of buyers</li> <li>• Purchase sizes</li> <li>• Price sensitivity</li> <li>• Ability to switch</li> </ul>
Bargaining power of suppliers	How much power do your suppliers ultimately have?	<ul style="list-style-type: none"> <li>• The number of suppliers</li> <li>• Unique capacity of suppliers</li> <li>• Your ability to substitute</li> </ul>
Intensity of competitive rivalry	How many competitors are currently in the market and how much is it growing?	<ul style="list-style-type: none"> <li>• The number of competitors</li> <li>• Difference in quality</li> <li>• User loyalty</li> <li>• Switching costs for users</li> <li>• Growth of market</li> </ul>
Threat of substitutes	How likely are users to switch to an alternative?	<ul style="list-style-type: none"> <li>• Performance of competitors</li> <li>• Cost of change</li> </ul>

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