**Porter's Five Forces Model:**

1-Rivalry Among Competing Firms

Competition between companies increases when:

* Companies are equal in size and capability
* Demand decreases
* Switching costs are low
* Fixed costs are high
* Products or Services are similare (undifferentiated)

2-Potential Entry of New Competitors

Barriers to entry include:

* Need to gain experience, technology and know-how.
* Strong customers loyalty
* Large capital requirement

3-Potential development of substitute products

Competition increases when the switching cost to a substitute products is low

4-Bargaining power of suppliers

The power of supplier decreases when:

* Large number of suppliers are available
* backward integration can be done

**5-Bargaining Power of Consumers**

**The power of consumers increases when:**

* Customers concentrated or buying in volume
* Consumer power is higher where products are standard or undifferentiated
* If they can inexpensively switch
* If they are particularly important
* If sellers are struggling in the face of falling consumer demand
* If they are informed about sellers’ products, prices, and costs
* If they have discretion in whether and when they purchase the product