



Horizontal Competition

Threat of New Entrants

- The existence of barriers to entry (patents, rights, etc.)
- Economies of product differences
- Brand equity
- Switching costs or sunk costs
- Capital requirements
- Access to distribution
- Absolute cost advantages
- Learning curve advantages
- Expected retaliation by incumbents
- Government policies

Threat of Substitute Products

- Buyer propensity to substitute
- Relative price performance of substitutes
- Buyer switching costs
- Perceived level of product differentiation

Threat of Established Rivals

- Number of competitors
- Rate of industry growth
- Intermittent industry overcapacity
- Diversity of competitors
- Informational complexity and asymmetry
- Fixed cost allocation per value added
- Level of advertising expense
- Economies of scale
- Sustainable competitive advantage through improvisation

Vertical Competition

Bargaining Power of Buyers

- Buyer concentration to firm concentration ratio
- Bargaining leverage, particularly in industries with high fixed costs
- Buyer volume
- Buyer switching costs relative to firm switching costs
- Buyer information availability
- Ability to backward integrate
- Availability of existing substitute products
- Buyer price sensitivity
- Differential advantage (uniqueness) of industry products
- RFM Analysis
 - Recency
 - Frequency
 - Monetary Value

Bargaining Power of Suppliers

- Supplier switching costs relative to firm switching costs
- Degree of differentiation of inputs
- Presence of substitute inputs
- Supplier concentration to firm concentration ratio
- Threat of forward integration by suppliers relative to the threat of backward integration by firms
- Cost of inputs relative to selling price of the product