

Competitive analysis framework

Porter's Five Forces

This framework is a simple and effective way to scope out the competitive landscape your business is operating in, revealing critical insights about new entrants, buyer and supplier power, competitive rivalry, and the threat of substitutes. By understanding these forces, you can navigate market challenges and seize opportunities to gain a competitive edge.

Focus area	What does it mean?	What to look for
Threat of new entrants	How easily could a new competitor enter the market?	Time to entry Cost of entry Economies of scale Technological protection Other barriers to entry
Bargaining power of buyers	How much power do your customers ultimately have?	Number of buyers Purchase sizes Price sensitivity Ability to switch
Bargaining power of suppliers	How much power do your suppliers ultimately have?	Number of suppliers Unique capacity of suppliers Your ability to substitute
Intensity of competitive rivalry	How many competitors are currently in the market and how much is it growing?	Number of competitors Difference in quality User loyalty Switching costs for users Growth of market
Threat of substitutes	How likely are users to switch to an alternative?	Performance of competitors Cost of change