

Annex 3: Analytical matrix for practical use of the Porter's Five Forces Model

| <u>Factors to be considered</u> | <u>Observations/Notes</u> |
|---|---------------------------|
| <p><u>Competing sellers</u></p> <ul style="list-style-type: none"> - number of competitors - demand for the products - price cuts or other competitive weapons - costs to switch brands - market share occupied - payoff from strategic moves - acquisition of firms within the industry | |
| <p><u>Substitute products</u></p> <ul style="list-style-type: none"> - attractively priced substitutes - quality, performance, and other attributes - costs to switch to substitutes - access to technology and know-how - learning and experience curve effects | |



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| <ul style="list-style-type: none"> - customers' loyalty - resources requirements - cost disadvantages | |
| <p><u>Potential new entries</u></p> <ul style="list-style-type: none"> - economies of scale - distribution channels - regulatory policies - tariffs and other trade restrictions | |
| <p><u>Suppliers</u></p> <ul style="list-style-type: none"> - market conditions in supplier industry - significance of the item supplied | |
| <p><u>Buyers</u></p> <ul style="list-style-type: none"> - costs of switching - number of buyers - buyers informed about the products - backward integration - discretion in purchasing the product | |