

Ques 2 There are porter's five force :- ①

1) Threat of New Entrants :- The threat of new entrants deals with the ease or difficulty with which new companies can enter an industry. When a new company enters an industry, the competitive climate changes, there is new capacity, more competition for market share and the addition of new resource.

2) Threat of Substitutes :- The threat of substitutes affects competition in an industry by placing an artificial ceiling on the prices companies within an industry can charge. A substitute product is one that can satisfy consumer's needs also targeted by another product.

3) Bargaining Power of Buyers :- The bargaining power of buyers is affected by the concentration and number of consumers, the differentiation of products, the potential switching costs and the potential of buyers to integrate backwards.

4) Bargaining Power of Suppliers :- The bargaining power of suppliers affect the intensity of competition in an industry, especially when there are a large number of suppliers, limited substitute raw materials, or increased switching costs.

5) Rivalry of Existing Firms in the Industry :- The rivalry among existing firms is affected by the competition in industry, it is usually considered as the most powerful of the five competitive forces. In most industries, business organisations are mutually dependent. A competitive move by one firm can be expected to have a noticeable effect on its competitors and thus, may cause retaliation or counter efforts.