Due to higher industrialization, every organization is trying to seek impressive management strategies so that they can get competitive advantage in the market. In this regard porter’s competitive model is important because it provides guidance to the companies.  In order to better understand we are going to provide an overview of an article which is How Competitive Forces Shape Strategy by Michael E. Porter. In this article, it is discussed in detail which factors have influence on the strategies of the company and how porter’s competitive model helps in shaping these strategies.

This article is based on the concept of how a company can be competitive with the help of porter’s model. Author provides that in order to survive in the market every company has to be competitive. Success or failure of the company depends on how it implements its strategies. These strategies should be according to the requirements of five important factors of market. Porter’s provides that there are five important forces which can influence the strategy of any company.  These forces are competitors, buyer’s power, supplier’s power, potential entrance and potential substitutes. If a company wants to take competitive advantage, then it must formulate its strategies by considering the above forces.

Porters provides that strategies formulation plan should include positioning the company, Influencing the balance and exploiting industry change. These aspects will enable the strategy to be capable of defending company from different competitive forces, improve the position of the company and shifts these factors towards a positive response. If strategies are planned on these points then they will get a strong positive response as it is covering all forces of the market (Porter, 1979). Coca-Cola Company has used porter’s competitive model so that its competitors can be better handled. It did analysis on the basis of this model and found that medium to high pressure of substitute products, low pressure of buyer and supplier’s power and high pressure of rivalry. This analysis helped the company most and they are competing with positive outcomes which show the effectiveness of this model (valuationacademy.com, 2016)

Example of Coca Cola can be quoted in this respect. This company is gaining continuous progress even it has many competitors.

<https://hbr.org/1979/03/how-competitive-forces-shape-strategy>