

Porter's five forces

[Business](#), [Management](#)



The Internet services providers such as Yahoo and Google would be more strategically placed if they utilize Porter's Five Forces as one of the essential strategic management tools. This is because of the fact that these forces are almost the same in nature for both the companies and it would be better if an industry level analysis of such forces is done prior to taking any strategic decision.

The Supplier's Power The industry is structured in such a way that it provides services therefore it is less reliant on suppliers. It is because of this reason that it has been argued that the suppliers' power is negligible in this industry.

Both Google and Yahoo however are also considered as regionally dominant forces and as such do not have the global reach and power to influence the behavior of suppliers.

Threats of New Entrants Offering services such as offered by Yahoo and Google do not require extensive capital expenditure therefore there are always greater chances of new entrants making entry into the market. There are many new and old entrants such as askjeeves.com, dogpile.com as well as Microsoft and other standalone services which offer the search engine facilities like Yahoo and Google.

Rivalry among firms Rivalry among firms is relatively higher as there is no clear leader in the industry and the choice of using services largely depend upon the choices being made by the consumers. Further, the nature of the rivalry is different in the firm as Google and Yahoo may have been competing on search engine services whereas Google may be competing with Microsoft in terms of offering cloud computing services which are potentially replacing Microsoft's Office suite. (Business Mirror, 2009).

Bargaining Power of Buyers Since most

of these services are offered free of cost therefore buyers have very bargaining power in this industry.