# Bahan Kajian untuk Diskusi

Porter (2001) and Harmon et al. (2001) suggest some ways the Internet influences competition in the five factors:

1. **The threat of new entrants**. For most firms, the Internet increases the threat of new competitors. First, the Internet sharply reduces traditional barriers to entry, such as the need for a sales force or a physical storefront to sell goods and services. All a competitor needs to do is set up a Web site.

This threat is especially acute in industries that perform an intermediation role as well as industries in which the primary product or service is digital. Second, the geographical reach of the Internet enables distant competitors to bring competition into the local market, or even an indirect competitor to compete more directly with an existing firm.

1. **The bargaining power of suppliers**. The Internet’s impact on suppliers is mixed. On the one hand, buyers can find alternative suppliers and compare prices more easily, reducing the supplier’s bargaining power.

On the other hand, as companies use the Internet to integrate their supply chain and join digital exchanges, participating suppliers will prosper by locking in customers and increasing switching costs.

1. **The bargaining power of customers (buyers)**. The Web greatly increases a buyer’s access to information about products and suppliers, Internet technologies can reduce customer switching costs, and buyers can more easily buy from downstream suppliers.

These factors mean that the Internet greatly increases customers’ bargaining power.

1. **The threat of substitute products or services**. Information-based industries are in the greatest danger here. Any industry in which digitalized information can replace material goods (e.g., music, books, software) must view the Internet as a threat.
2. The rivalry among existing firms in the industry. The visibility of Internet applications on the Web makes proprietary systems more difficult to keep secret, reducing differences among competitors. In most industries, the tendency for the Internet to lower variable costs relative to fixed costs encourages price discounting at the same time that competition migrates to price.

Both are forces that encourage destructive price competition in an industry.