

5. *What strategic moves are rivals likely to make next?* This analytical step involves identifying competitors' strategies, deciding which rivals are likely to be strong contenders and which are likely to be weak, evaluating rivals' competitive options, and predicting their next moves. Scouting competitors well enough to anticipate their actions can help a company prepare effective countermoves (perhaps even beating a rival to the punch) and allows managers to take rivals' probable actions into account in designing their own company's best course of action. Managers who fail to study competitors risk being caught unprepared by the strategic moves of rivals.
6. *What are the key factors for future competitive success?* An industry's key success factors (KSFs) are the particular strategy elements, product attributes, competitive capabilities, and business outcomes that spell the difference between being a strong competitor and a weak competitor—and sometimes between profit and loss. KSFs by their very nature are so important to competitive success that *all firms* in the industry must pay close attention to them or risk becoming an industry also-ran. Correctly diagnosing an industry's KSFs raises a company's chances of crafting a sound strategy. The goal of company strategists should be to design a strategy aimed at stacking up well on all of the industry KSFs and trying to be *distinctively better* than rivals on one (or possibly two) of the KSFs. Indeed, using the industry's KSFs as *cornerstones* for the company's strategy and trying to gain sustainable competitive advantage by excelling at one particular KSF is a fruitful competitive strategy approach.
7. *Does the outlook for the industry present the company with sufficiently attractive prospects for profitability?* If an industry's overall profit prospects are above average, the industry environment is basically attractive; if industry profit prospects are below average, conditions are unattractive. Conclusions regarding industry attractiveness are a major driver of company strategy. When a company decides an industry is fundamentally attractive, a strong case can be made that it should invest aggressively to capture the opportunities it sees and to improve its long-term competitive position in the business. When a strong competitor concludes an industry is relatively unattractive, it may elect to simply protect its present position, investing cautiously if at all and looking for opportunities in other industries. A competitively weak company in an unattractive industry may see its best option as finding a buyer, perhaps a rival, to acquire its business. On occasion, an industry that is unattractive overall is still very attractive to a favorably situated company with the skills and resources to take business away from weaker rivals.

A competently conducted industry and competitive analysis generally tells a clear