Management 390 Industry Condition Analysis

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Strategic move

Assumption

* Assessing a rival’s assumptions entails considering their assumptions about itself as well as the industry it participates in

What are the industry’s key factors

* Key success factors
  + Those competitive factors that most affect industry members’ ability to survive and prosper in the marketplace
  + Determines whether it can meet the basic criteria for surviving and thriving in the industry
  + Three questions
    - On what basis do buyers of the industry’s product choose between the competing brands of sellers? That is, what product attributes and service characteristics are crucial?
    - Given the nature of competitive rivalry prevailing in the marketplace, what resources and competitive capabilities must a company have to be competitively successful?
    - What shortcomings are almost certain to put a company at a significant competitive disadvantage?
  + The goal of company strategists should be to design a strategy that allows it to compare favorably vis-à-vis rivals on each and every one of the industry’s KSF and that aims at being distinctively better than rivals on one

Is the industry outlook conductive to good profitability

* the anticipated industry environment is fundamentally attractive if it presents a company with good opportunity for above-average profitability; the industry outlook is fundamentally unattractive if a company’s profit prospects are unappealingly low.
* Attractiveness is relative, not absolute, and conclusions one way or the other have to be drawn from the perspective of a particular company.
* When a company decides an industry is fundamentally attractive and presents good opportunities, 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.