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## **SWOT Analysis and Its Uses: With Special Reference to Marketing Management**

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### **Abstract**

To develop a successful marketing strategy is an important step for any business, big or small. It enables the company to grow beyond word-of-mouth referrals and use marketing tactics to drive new customers to the organization's offerings. Marketing management often conduct market research and marketing research to perform marketing analysis. Marketing managers also design and overview various factors effecting internal and external environment and follow scanning and competitive intelligence processes to help identify trends and inform the company's marketing analysis. SWOT analysis is a popular and effective technique followed by management for the purpose of all an acronym for **Strengths, Weaknesses, Opportunities** and **Threats** is a structured planning method which is used in evaluating these four elements of an organization, project or business venture. In this research article author will find how SWOT Analysis is helpful in scanning of various internal and external factors of an organization especially in context of marketing.

**Key words:** Marketing Management, SWOT Analysis, Organisation Strengths, Weaknesses, Opportunities, Threats, Environmental Scanning.

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## Introduction

SWOT analysis is a mechanism for internal audit of an organisation together with its environment. It finds its origin somewhere between 1960 and 1970 when Albert Humphrey from Stanford University conducted a research using data from various top companies. The aim was to inquire the reasons of failure of corporate planning. Numbers of key areas were identified and explored with use of tools and technique and were named as critical areas. In due course of time these critical areas were categorised as strengths, weaknesses, opportunities and threats.

Thus SWOT Analysis is a tool for strategic planning which identifies, understand and work on critical areas involved in a project or in a business. It is a simple and useful technique which is used in analyzing an organisation's strength and weaknesses and the opportunities and threats that it faces in due course. It helps in knowing and focusing on one's strength, minimising the weaknesses and take greatest possible advantage of available opportunities and take precautionary steps to deal with threats

## SWOT ANALYSIS

		Helpful In achieving the objectives	Harmful In success of organization
Internal Factor Attributes of the organization		Strengths	Weaknesses
External Factor Attributes of the environment		Opportunities	Threats

### Components of SWOT Analysis:

- ü **Organisational Strengths:** These are **internal** factors which identify resources and capabilities of the organisation that can be used to achieve its objectives.
- ü **Organisational Weakness:** These are those identified **internal** features of the organisation that may put blockage on the path of its performance.
- ü **Organisational Opportunities:** These are those **external** situations that can offer potential for organisation to achieve its objectives.
- ü **Organisational Threats:** These are those **external** factors that can grow into a problem or offer hindrance on the path of success of the organisation

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### Uses of SWOT Analysis

It is to be noted that usefulness of SWOT analysis is not limited to profit-seeking organization. It may be used in any decision-making situation when a desired end-state is defined. For example: non-profit organizations, government units and even individuals. SWOT analysis may also be used in pre-crisis planning and preventive crisis management.

### Strategy Building

SWOT analysis can be effectively used to organisational as well as personal strategy. Step involved in the process of execution of strategy-oriented analysis are-

- Identification of internal and external factors. For this 2x2 matrix is used.
- Selection and evaluation of the most important factors.
- Identification of relations existing between internal and external features.

The strategy adopted may be-

Ø **Aggressive Strategy:** It is adopted when there is strong relation between strengths and opportunities which suggests that company is in good condition and ready to face new challenges.

Ø **Defensive Strategy:** It is resorted when there is strong interaction between weaknesses and threats as this is analysed as a potential warning for the organisation.

### Matching and Converting

This is another way of utilising SWOT in the interest of the organisation as well as individual analysis. It is mainly used to compare the organisational competitive position in the market.

Ø **Matching:** It is used by matching strength of the organisation with its opportunities thereby finding its competitive advantage over other organisations.

Ø **Converting:** It is the tactic through which weaknesses and threats of an organisation are converted into its strength and opportunities. Even though threats and weaknesses cannot be converted, a organisation should try to avoid or at least to minimise it.

### SWOT Matrix

Taking into account the SWOT profile, strategies are developed to deal with different situations. These strategies can be shown in a matrix, popularly known as SWOT Matrix. It is also known as TOWS Matrix.

#### SWOT/TOWS Matrix

	Strengths	Weaknesses
Opportunities	S-O Strategies	W-O strategies
Threats	S-T Strategies	W-T Strategies

**S-O Strategies:** It uses the internal strength of the organisation to take advantage of opportunities. These are aggressive strategies adopted by organisation to avail the advantage good condition in the company.

**S-T Strategies:** It is used to identify the ways in which a firm can use its strength to reduce its threats. In this company try to convert its threats into strength or at least to avoid or reduce them

**W-O Strategies:** It helps to improve or overcome weakness of the organisation to pursue its opportunities.

**W-T Strategies:** It includes defensive plans to prevent the firm weakness so that external threats in future could be avoided.

### **Areas where SWOT Analysis can be used**

SWOT Analysis can be used to access various strategic areas of the organization. Some of them are discussed below:

- To assess the position and commercial viability of the company in the market.
- Before launching a product or a brand in the market.
- To adopt a business idea or proposal.
- To assess the potentiality of a partnership.
- To evaluate an investment opportunity.
- Exploring the new methods of sales distribution.
- To assess an opportunity to make an acquisition or merger or joint venture.
- To make decision regarding outsourcing a service, activity or resource.

### **What is Marketing or Marketing Management**

Marketing management is the discipline of organisation which lay emphasis on the practical application of orientation, techniques and methods of marketing inside enterprises and organizations and on the management of a firm's marketing resources and activities. Marketing campaigns can be expensive, requiring companies to spend their budgets wisely.

### **Wide Scope of Marketing**

Scope of marketing is very wide. It includes all the process of management i.e. Planning; Organising; Directing; Staffing; Controlling and Coordination. Marketing management includes concept and rational of market and management. As far as scope is concerned Marketing Management includes following activities:

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- Planning of Marketing-Strategy.
- Controlling Sales, Selling and Distribution-Costs.
- Monitoring and measuring the level of Stocks.
- Controlling of Quality of services provided to the consumers.
- Maintaining maximum Product-profitability.
- Ensuring the Coordination of various activities of marketing

### **How Marketing Management Works**

Marketing management often conduct market and marketing research to perform marketing analysis. A variety of techniques is used by managers to conduct market research, but some of the more common include:

- Qualitative marketing research, such as focus groups and various types of interviews.
- Quantitative marketing research, such as statistical surveys.
- Experimental techniques such as test markets.
- Observational techniques such as ethnographic (on-site) observation.

Marketing managers may also analysis and oversee various internal and external environmental factors and design scanning and competitive intelligence processes to help identify trends and inform the company's marketing analysis.

### **How SWOT Analysis can be Helpful in Marketing**

Formulation of a marketing strategy and SWOT analysis are very closely linked as both are based on analysis of facts and assumptions about competency of the organization and on market-research findings. There are **five stages in marketing planning** i.e.

- Fact-Finding
- Assessment of Facts
- Marketing Objectives
- Plan of Action
- Budget

SWOT analysis is helpful at second stage of the marketing planning i.e. after finding facts regarding Product, Market, Distribution and Consumers and before executing a course of action

At the stage of assessment of facts, the collected and verified data are weighed according to their relative importance and potential and are categorized into strength, weakness, opportunities and threats. Some possible categorizations are shown below:

**Potential Internal Strengths**

A New Innovative Product/ Service  
 Many Product Line  
 Broad Market Coverage  
 Favourable location of Business  
 Increasing Goodwill in Market  
 Special Marketing expertise  
 Better access to Raw Material  
 Reputation of Brand Name  
 Good Access to Distribution Networks  
 Appropriate Information and Control System  
 Competency in Research and Development  
 Good Financial condition

**Potential Internal Weaknesses**

Narrow Product Line  
 High Manufacturing Cost  
 Narrow Market Coverage  
 Poor Human Resource Management  
 Outdated Marketing Plans  
 Losing Goodwill in Market  
 Labour Unrest and High Turnover  
 Un-known Brand  
 Low Access to Distribution Networks  
 Outdated Management Structure  
 Poor Research and Development  
 Poor Financial Condition

As a matter of fact, “strength” and “weakness” are the nothing but opposite sides of same coin. Weakness leads to strength in the sense that removal of weakness will lead the company with new strength.

For example, “losing goodwill in market” indicates poor performance of products of company in market. By improving the quality of product and after sales services a company can not only overcome the weakness but create a new strength for itself i.e. “effective control mechanism”. Similarly “high manufacturing cost” indicates poor cost control. By improving it company can not only have effective cost control mechanism but also can face the price competition in market. Every weakness must be worked upon in order of its seriousness and effort must be to remove or to minimise it. **Removal of every weakness leads to a creation new strength.**

**Potential External Opportunities**

Expanding Main business Scenario  
 Exploit New Market for Raw Material  
 Find New Market Segment  
 Exploring New Techniques of Marketing (online sales)

**Potential External Threats**

Change in Legal-Regulatory  
 Change in Economic Factors  
 Change in Demographical Factors  
 Increase in Cost of Production

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Diversification of Goods and Services	Slower Market Growth
Combining Business Units Vertically or Horizontally	Down turn in Economy
Exploring New Market for Goods and Services	Change in Fashion and Taste
Joint Ventures to Reduce Competition	Increase in Domestic and Foreign competition
Introduction of New Technologies	Price War with Competitors
Expand into Foreign Markets	Increase in Industry Rivalry
Apply R&D in new areas.	Changes in Socio-cultural Pattern and Life Style of Consumers

Similarly threats and opportunities are nothing but opposite sides of the same coin. Every threat has its reciprocal i.e. opportunities. Threats must be identified as early as possible and efforts must be taken to convert it into opportunities.

For example “change in legal scenario” may appear a threat for a business but this could be converted into opportunity by proper understanding and implementing the changes in the business. GST is a practical example of this. Business units were taking GST as threat for their growth but proper implementation had proved that GST is an opportunities for growth of a business unit. **Facing the threats leads to finding of new opportunities.**

Finally, it is essential to establish priorities and decide which weakness or threats are to be dealt first in terms of their potential effect upon sales and marketing. This determination is not an easy task. The way out is to pick-out the two or three weakness or threats that offer the greatest potential benefits for the funds invested in comparison to others.

**Caution:** It is obvious nature of human being to focus more on opportunities and neglecting weakness and threats. One should be absolutely and intellectually honest in this process of assessment. Past experience is necessary but glossing over past mistakes never helps. It will create problem in present and future. One should be objective and ready to face the factors whether favourable or unfavourable. If done, success of the organisation is assured.

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