

CHAPTER 5

SWOT ANALYSIS AND MARKETING MIX

Objectives:

After completing this chapter, student should be able to understand,

- SWOT analysis
- Marketing mix

SWOT ANALYSIS

- SWOT stands for:
 - Strengths
 - Weaknesses
 - Opportunities
 - Threats
- One of the most useful and essential tools for any business.
- Some theorist reverse the order of this analysis and call it **TOWS** analysis.
- **SWOT** start with internal aspects of the business and more traditional method
- **TOWS** start with external aspects of business.
- SWOT analysis should be used by all businesses, and also by all levels and product/business activity groups within its organization.

Internal factor

Strengths

Weaknesses

Opportunities

Threats

External factor

STRENGTHS

- Are factors, or core competencies, which will help make use of opportunities, contribute to the achievements objectives and lessen the impact of threats or remove them completely.
- For a factor to be considered a strength, the business must 'do better it' than its competitors.
- Examples of such strengths include:
 - *Patents*
 - *Good reputation among customers*
 - *Strong brands name*
 - *Using new technology*
 - *Favorable access to distribution networks*

WEAKNESSES

- Are factors that will lessen the ability to pursue opportunities, reduce the ability to achieve objectives or allows threats to have an impact or allow them to occur.
- For a factor to be considered a weakness, the business must 'do it less well' than its competitors in an area that is important to its customers, or to the efficient running of the business.
- Factors that can be considered as weaknesses are:
 - *Lack of patent protection*
 - *Poor reputation among customers*
 - *Weak brand name*
 - *High cost of raw material*
 - *Lack of access to key distribution channel*

OPPORTUNITIES

Opportunities are factors that will:

1. Allow you to reduce cost or gain control over your inputs.
2. Allow you to improve your processes
3. Allow you to increase the volume and variety of your outputs.

Examples of such Opportunities include:

- *Better technology*
- *Identification of new market segments.*
- *Acquisition and merger*
- *Collaboration*
- *Loosening of regulations*
- *Removal of international trade barriers.*

THREATS

Threats are external conditions which could do damage to the business performance. Changes in external environment also may presents threats to the firms.

Examples of such Threats include:

- *Natural disasters reducing supplies*
- *Increased competition for supply materials*
- *New regulations*
- *Changes in the taste or needs of your markets.*
- Increased trade barriers.

MARKETING MIX

McCarthy (1960)	Product, Place, Promotion, Price
Kotler (1984;1986)	Public relation, Political Power
Magrath (1986)	People, Physical evidence, Process
Sin (2006)	Packaging

10'Ps OF MARKETING MIX

McCarthy's 4Ps

- 4Ps is the traditional marketing mix, proposed by McCarthy in 1960.
- Consist of :
 - Product
 - Price
 - Place
 - Promotion



PRODUCT

- Product offering and product strategy are the heart of marketing mix.
- Without knowing the product, it is hard to design a place strategy, decide on a promotion campaign and set a price for your product.
- Product can includes package, warranty, after sale service, brand name company image and many more.
- Products can be either tangible and intangible.

PLACE

- Place or distribution strategies are concerned with making product available when and where customer need them.
- A part of this place, 'P' is also refer to physical distribution.
- It involves transferring the raw materials or finish product from point of origin to final destination.

PROMOTION

- Promotion includes advertising, public relations, sales promotions and personal selling.
- The role of promotion in marketing mix is to inform, educate, persuade and remind the consumer about the benefit of organization or product.
- Good promotion help to increase sale but do not guarantee success.

PRICING STRATEGIES

- Price is what a buyer must give up to obtain a product.
- It is the most flexible element in marketing mix. Price always change.
- Price is an important competitive weapon.