



BA 291 Introduction to Business

Session 2

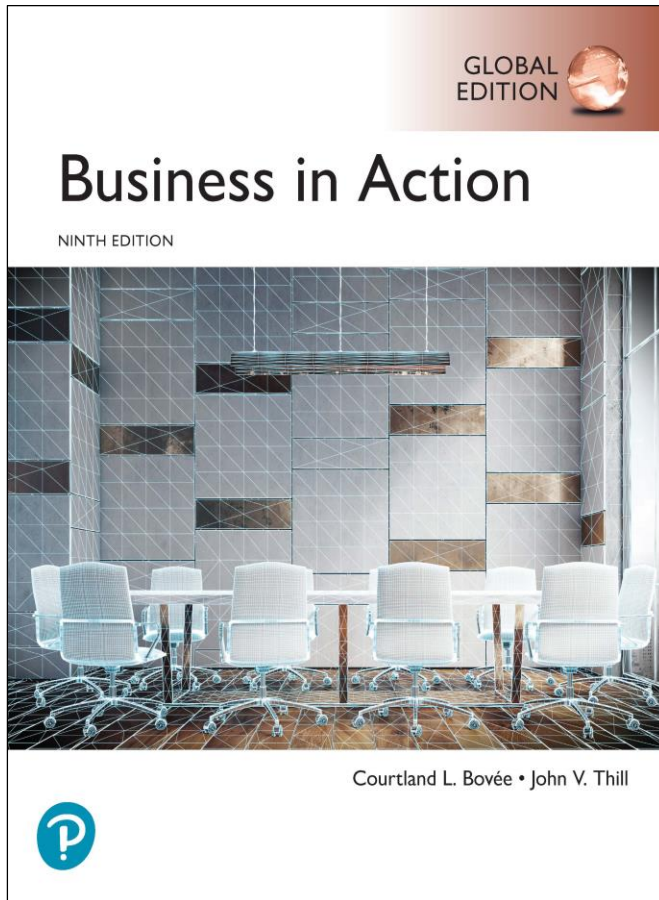
Situational, Opportunity and Competitive Analysis

By Ajarn Suwalya K.

June 11, 2020

Business in Action: Thriving in the Digital Enterprise

Ninth Edition, Global Edition



Session 2

Situational, Opportunity and
Competitive Analysis

What is Situational Analysis?

- Situation analysis refers to a collection of methods that managers use to analyze an organization's internal and external environment to understand the organization's capabilities, customers, and business environment.



What is Opportunity Analysis?

- Opportunity analysis refers to establishing demand and competitive analysis, and studying market conditions to be able to have a clear vision and plan strategies accordingly. Opportunity analysis is a vital process for the growth of an organization and needs to be performed frequently.



What is Competitive Analysis?

- . The purpose of the competitive analysis is to determine the **strengths** and **weaknesses** of the competitors within your market, strategies that will provide you with a distinct advantage, the **barriers** that can be developed in order to prevent competition from entering your market, and any **weaknesses** that can be exploited ...



What we aim to achieve?

1. The Business Plan
2. Starting with Mission and Vision
3. Discuss the focal company's relationships to the different actors in the value net
4. Understand the microenvironment
5. Understand the macroenvironment
6. Porter's Five Forces Model
7. SWOT Analysis
8. Porter's Generic Strategy





1. **The Executive Summary**
2. **The Industry**
3. **Market Analysis**
4. **Competitive Analysis**
5. **Marketing Plan**
6. **Operating Plan**
7. **Financial Plan**
8. **Appendices and Exhibits**

Business Plan Outline
The Writing a Business Plan Series
By **Susan Ward**

Business Plan

Thinking of writing a business plan? Here is a business plan outline, listing the sections in the order in which they will appear in your completed plan with a brief explanation of each section to help you get organized and guide you through the process.

The Executive Summary¹

While appearing first, this section is written last. It summarizes the key elements of the entire business plan. ([Executive Summary Example](#)²)

The Industry³

An overview of the industry sector that your business will be a part of, including industry trends, major players in the industry, and estimated industry sales. This section will also include a summary of your business's place within the industry. ([Business Plan Example: Industry Section](#)⁴)

Market Analysis⁵

An examination of the primary target market for your product or service, including geographic location, demographics, your target market's needs and how these needs are being met currently.

Competitive Analysis⁶

An investigation of your direct and indirect competitors, with an assessment of their competitive advantage and an analysis of how you will overcome any entry barriers to your chosen market.

Marketing Plan⁷

A detailed explanation of your sales strategy, pricing plan, proposed advertising and promotion activities, and product or service's benefits.

Management Plan⁸

An outline of your business's legal structure and management resources, including your internal management team, external management resources, and human resources needs.

Operating Plan⁹

A description of your business's physical location, facilities and equipment, kinds of employees needed, inventory requirements and suppliers, and any other applicable operating details, such as a description of the manufacturing process.

Financial Plan¹⁰

A description of your funding requirements, your detailed financial statements, and a financial statement analysis.

Appendices And Exhibits

Any additional information that will help establish the credibility of your business idea, such as marketing studies, photographs of your product, and/or contracts or other legal agreements pertinent to your business.

Mission





The mission and vision statement

The foundation of any marketing plan is the firm's mission and vision statement, which answers the question, 'What business are we in and where should we go?'

Mission statements, aims and objectives



Mission statement

- A mission statement is a short written statement of the purpose of an organisation. The mission statement should guide the actions of the organisation, spell out its overall goal, provide a sense of direction, and guide decision-making.





Unilever

- Our mission is to add Vitality to life. We meet everyday needs for nutrition, hygiene and personal care with brands that help people look good, feel good and get more out of life.
- **Purpose:** to add Vitality to life
- **Business:** nutrition, hygiene and personal care
- **Values:** look good, feel good and get more out of life.





Shampoo

180 ml



Shampoo

375 ml



Shampoo

350 ml



Shampoo

350 ml



Shampoo

580 ml



Shampoo

175 ml



Shampoo

375 ml



1 Bar

75g



Hand Wash

200 ml



135g

Pink Beauty Bar



Tea

100g



serves 2



Toothpaste

45g



Toothpaste

100g



Roll-on Deodorant

50 ml



Detergent Powder

200g



DON'T WASH YOUR HAIR...
FUEL IT

STRONG IS BEAUTIFUL™

NEW
PANTENE



©2016 P&G

Situational Analysis

Value Net Model

Porter's Value Chain Model

The marketing system at three levels

The whole marketing system can be divided into three levels, as follows (see Fig. 3.1 – next slide):

1 The focal company: understanding and analysing the internal situation

2 Industry level/value net- Micro Environment: the focal company's most important actors/stakeholders at this level are suppliers, partners / complementors, competitors and, of course, the customers.

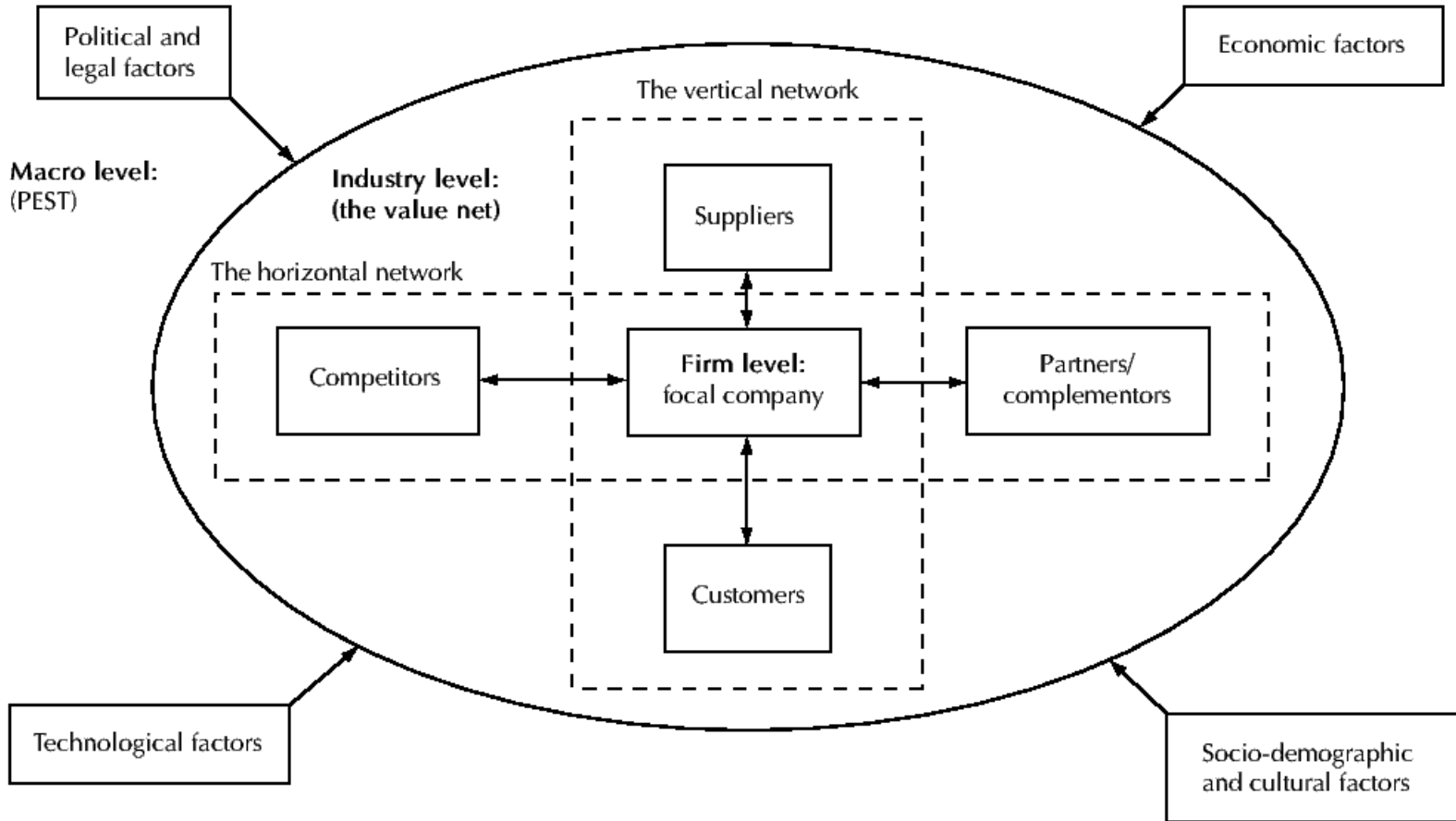
3 Macro Environment: the most important changes taking place in the macro environment can be summarized in the so-called **PEST** analysis: **P** Political and legal factors, **E** Economic factors, **S** Socio-cultural factors, **T** Technological factors.

Value Net



The marketing system / value net

FIGURE 3.1: The three levels in the marketing system/value net: firm level, industry level, macro level



Relations to actors in the industry value net

- This task environment refers to the immediate external market where interactions which have a direct effect on our company take place.
- Since the firm has relationships with different types of interdependencies, with different objectives for the development of the relationship, and so on, it is important organizationally to differentiate between how different relationships are handled.



Microenvironment

The Company

The Company

In designing marketing plans, marketing management takes other company groups into account.

- Top management
- Finance
- R&D
- Purchasing
- Operations
- Accounting



Value Chain Analysis



Publics

Any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives:

- Financial publics
- Media publics
- Government publics
- Citizen-action publics
- Local publics
- General public
- Internal publics



Relationships with customers

- In the relationship approach, a specific transaction between the focal company and a customer is not an isolated event, **but takes place within an exchange relationship characterized by mutual dependency and interaction over time between the two parties.**
- An exchange relationship implies that there is an individual specific dependency between seller and the customer. **The relationship develops through interaction over time** and signifies a mutual orientation of two parties towards each other.



Customers

- Consumer markets
- Business markets
- Reseller markets
- Government markets
- International markets



Relationships with suppliers

- There seem to be three major strategic issues related to purchasing management:
 - 1. The decision of whether to make an item in-house or to buy from external suppliers
 - 2. The development of appropriate relationships with suppliers
 - 3. The managing of the supplier base in terms of size and relationships between suppliers



Suppliers

Suppliers

- Provide the resources to produce goods and services
- Treat as partners to provide customer value



Relationships with partners/complementors

- This kind of relationship is based on **collaboration** between manufactures of complementary functions and/or products/services.
- Each partner has a **strategic resource** that the other needs – exchange supplier& customer.
- **Value chain activities developed**: One manufacture – other market example: Diethelm



Marketing Intermediaries

Marketing intermediaries are firms that help the company to promote, sell, and distribute its goods to final buyers.



● **Partnering with intermediaries:** Apple provides its retail partners with much more than just phones. It also pledges technical support.

FC2/Picturesbyrob/Alamy Stock Photo

Marketing Intermediaries

Resellers

Physical
distribution
firms

Marketing
services
agencies

Financial
intermediaries

Relationships with competitors

- Before entering any relationship with competitors, it is important to analyze the competition in so far as it will ***affect ease of market entry and potential profitability.***
- **Factors to consider from competitors:** number of size of competitors, capabilities (S&W), international marketing strategies, sales volume and relative market share, type of competitor (multinational – Microsoft, Unilever) vs. local



Competitors

Competitors

Firms must gain **strategic advantage** by positioning their offerings strongly against competitors' offerings in the minds of consumers.





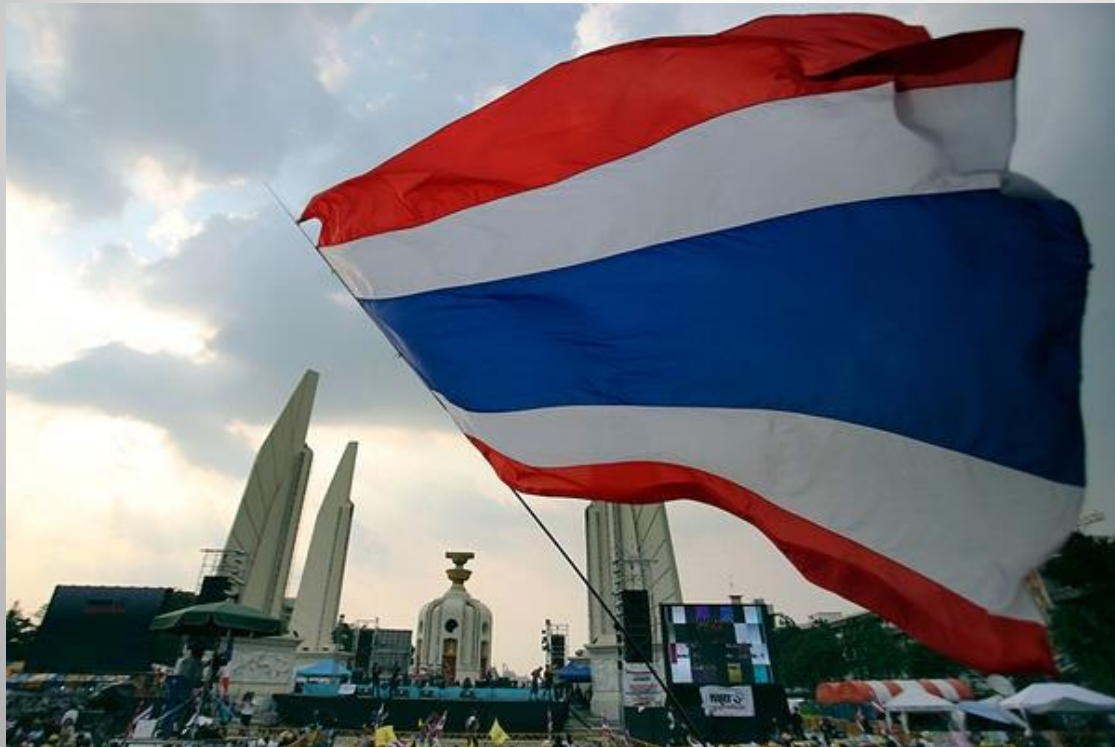
Macroenvironment

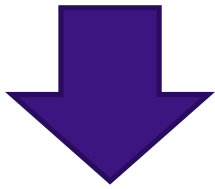
Pestel Analysis

P	E	S	T	E	L
Political	Economic	Social	Technological	Environmental	Legal
<ul style="list-style-type: none"> • Government policy • Political stability or instability overseas • Foreign trade policy • Tax policy • Labor laws • Terrorism and military considerations • Environmental laws • Funding grants and initiatives • Trade restrictions • Fiscal policy 	<ul style="list-style-type: none"> • Economic Growth • Interest Rates • Exchange rates • Inflation • Disposable income of consumers • Disposable income of businesses • Taxation • Interstate taxes • Wages rates • Financing capabilities 	<ul style="list-style-type: none"> • Population growth • Age distribution • Health consciousness • Career attitudes • Customer buying trends • Cultural trends • Demographics • Industrial reviews and consumer confidence • Organizational image 	<ul style="list-style-type: none"> • Producing goods and services • Emerging technologies • Technological maturity • Distributing goods and services • Target Market • Communication • Potential Copyright infringements • Increased training to use innovation • Potential Return on Investment (ROI) 	<ul style="list-style-type: none"> • The decline of raw materials • Pollution and green house gas emissions • Promoting positive business ethics and sustainability • Reduction of their carbon foot print. • Climate and weather • Environmental Legislation • Geographical location (and accessibility) 	<ul style="list-style-type: none"> • Health & Safety • Equal Opportunities • Advertising Standards • Consumer Rights and laws • Product Labeling • Product Safety • Safety Standards • Labor Laws • Future Legislation • Competitive Legislation

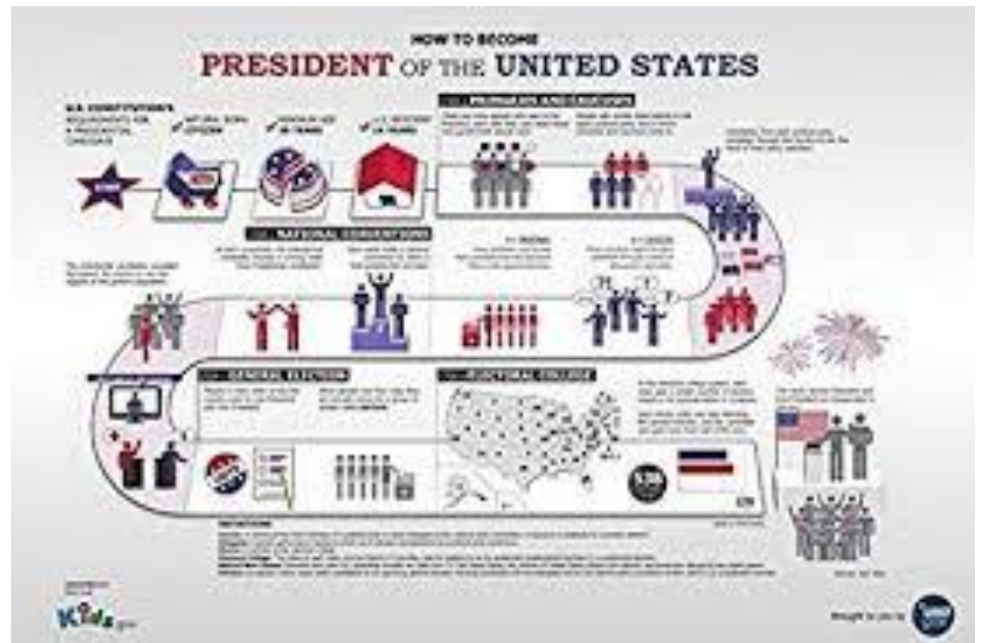
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Political



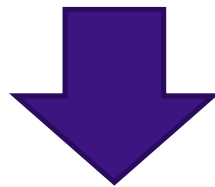


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Economic





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What Is This Thing Called the Economy? (1 of 2)

- **Economy**
 - The sum total of all the economic activity within a given region
- **Economics**
 - The study of how a society uses its scarce resources to produce and distribute goods and services



What Is This Thing Called the Economy?

(2 of 2)

- **Microeconomics**

- The study of how consumers, businesses, and industries collectively determine the quantity of goods and services demanded and supplied at different prices

- **Macroeconomics**

- The study of “big picture” issues in an economy, including competitive behavior among firms, the effect of government policies, and overall resource allocation issues

Factors of Production (1 of 3)

- **Natural resources**
 - Land, forests, minerals, water, and other tangible assets usable in their natural state
- **Human resources**
 - All the people who work in an organization or on its behalf



Factors of Production (2 of 3)

- **Capital**
 - The funds that finance the operations of a business as well as the physical, human-made elements used to produce goods and services, such as factories and computers
- **Entrepreneurship**
 - The combination of innovation, initiative, and willingness to take the risks required to create and operate new businesses



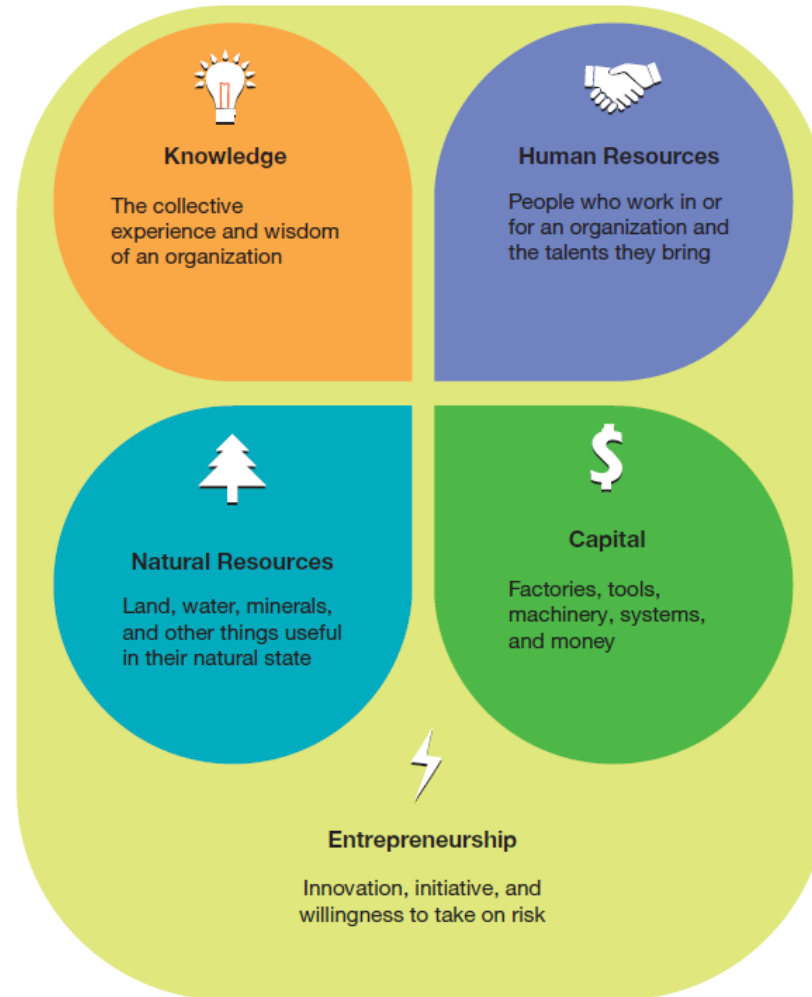
Factors of Production (3 of 3)

- **Knowledge**

- Expertise gained through experience or association



Exhibit 2.1 Factors of Production



The Economic Impact of Scarcity

- **Scarcity**

- A condition of any productive resource that has finite supply

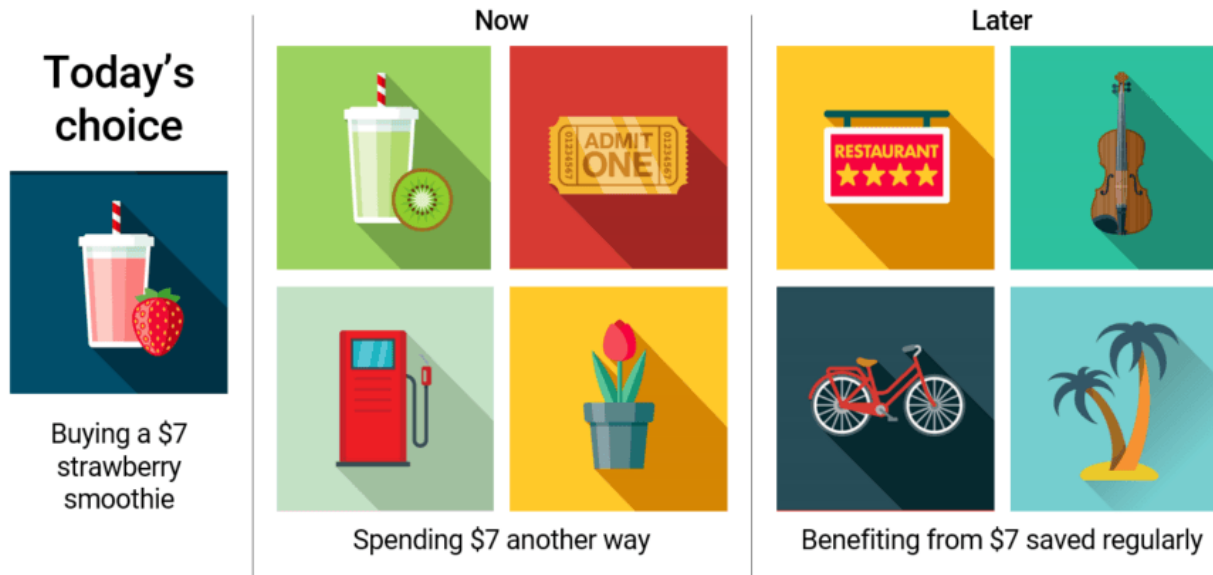


The Economic Impact of Scarcity

- **Opportunity cost**

- The value of the most appealing alternative not chosen

Every decision involves trade-offs



Inspired by Andrea Caceres-Santamaria, "Money and Missed Opportunities." *Page One Economics*, October 2019. Icons by Getty Images.

FEDERAL RESERVE BANK *of* ST. LOUIS

“Opportunity cost is the value of the next-best alternative when a decision is made; it's what is given up,”

The Economic Impact of Scarcity

- Opportunity cost

Some Example Trade-Offs in Business

Choice	Potential Trade-Off
Less market research (lower cost)	Less successful new product launch (lower sales)
Higher quality standards to build reputation	More quality control & assurance costs
Higher advertising online	Reduced advertising on TV
Choose lower risk investments	Gain lower rewards

Economic Measures and Monitors

- **Economic indicators**
 - Statistics that measure the performance of the economy
 - **Leading and lagging**



Exhibit 2.2 Key Economic Indicators (1 of 2)

Here are some of the key indicators that help policymakers and business leaders assess the state of the economy.

Indicator	Implications
Housing starts	Housing is a major component of the economy, and each new house built triggers a cascade of demand for related goods and services, so a rise or fall in the number of new houses under construction suggests that demand for all those related goods and services will expand or shrink as well.
Durable-goods orders	Similar to housing starts, sales of durable goods such as cars, appliances, and machinery suggest the economic health and confidence of consumers and businesses; if orders are declining, for instance, it indicates that buyers could have a pessimistic outlook on the economy.

Exhibit 2.2 Key Economic Indicators (2 of 2)

Indicator	Implications
Price indexes	The various consumer and producer price indexes indicate whether the economy is heating up or cooling off.
Unemployment rate	As a lagging indicator, unemployment rates don't have the predictive power of other indicators, but they can confirm the direction in which the economy has moved.
Gross domestic product (GDP)	As a measure of the total output of the economy, a rising or falling GDP suggests trends in the overall health of business.

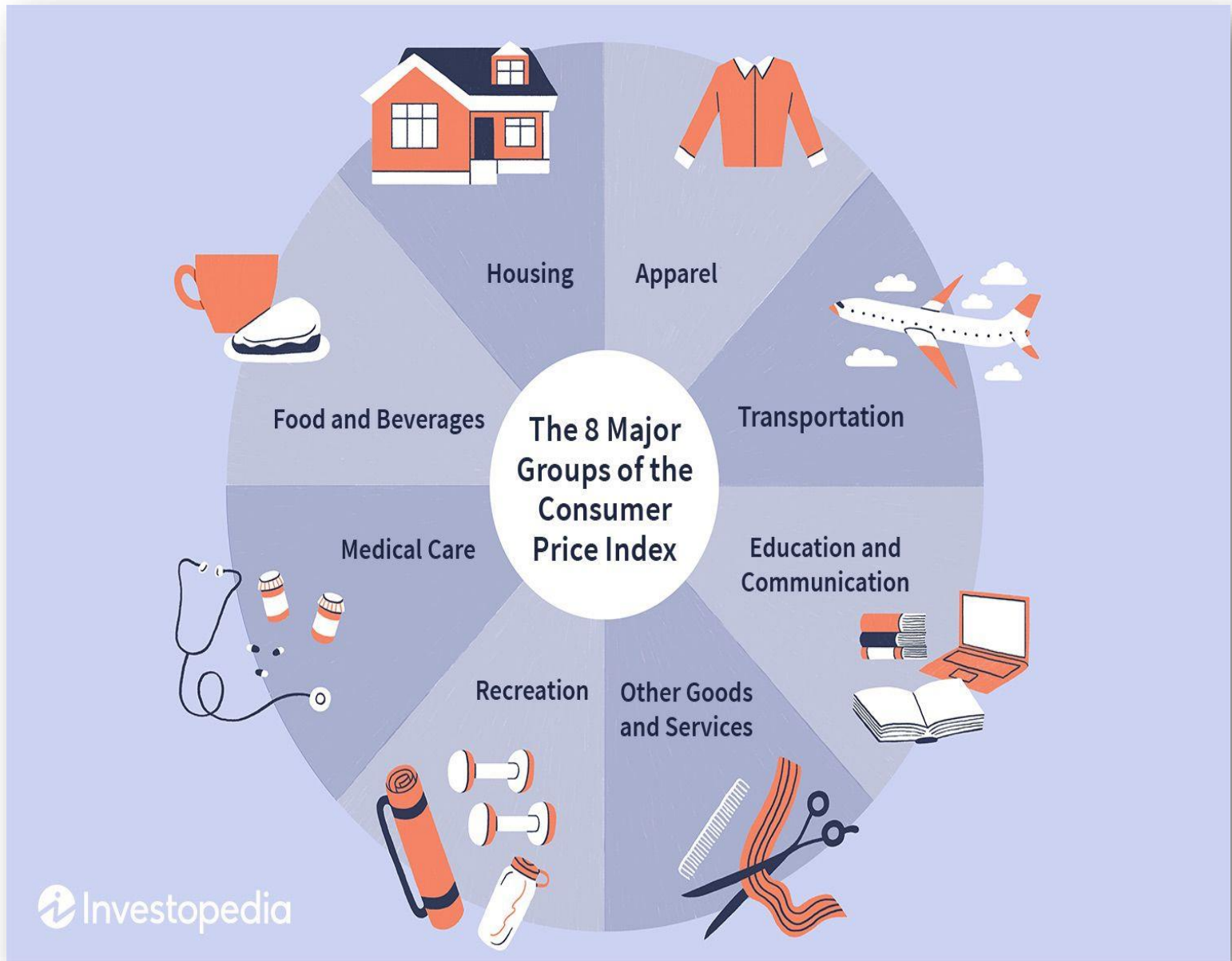
Price Indexes

- **Consumer Price Index (CPI)**
 - A monthly statistic that measures changes in the prices of a representative collection of consumer goods and services
- **Producer Price Index (PPI)**
 - A statistical measure of price trends at the producer and wholesaler levels

Measuring CPI

- Consists of a **Market Basket** of goods and services that consumers typically buy
 - major categories include: housing, food, transportation, entertainment, apparel, medical care, household furnishings.





National Economic Output




- **Gross domestic product (G D P)**
 - The value of all the final goods and services produced by businesses located within a nation's borders; excludes outputs from overseas operations of domestic companies



National Economic Output

2019 ECONOMIC OUTLOOK FROM THAI BUSINESS OPERATORS



Economic indicator	First projection in January	First downgrade in April	Second downgrade in August	Third downgrade in October
Overall GDP 	4-4.3%	3.7-4%	2.9-3.3%	2.7-3%
Exports 	5-7%	3-5%	-1 to 1%	-2 to 0%
Inflation 	0.8-1.2%	Unchanged	Unchanged	Unchanged

Source: Joint Standing Committee on Commerce, Industry and Banking

BKPgraphics

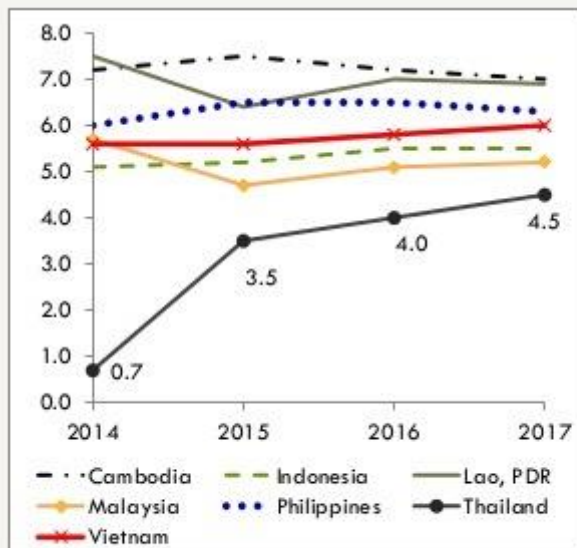
Economic



Thailand is surrounded by fast-growing economies

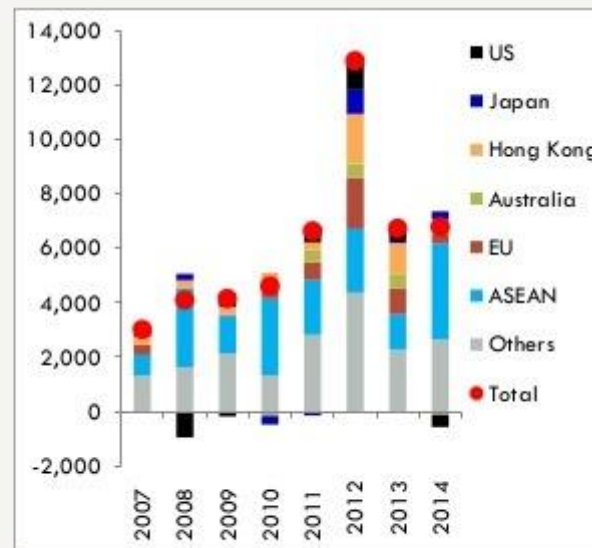
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Real GDP Growth (%)



Source: World Bank, Global Economic Prospects (January, 2015)

Thai Direct Investment Abroad (Million US\$)



Source: Bank of Thailand

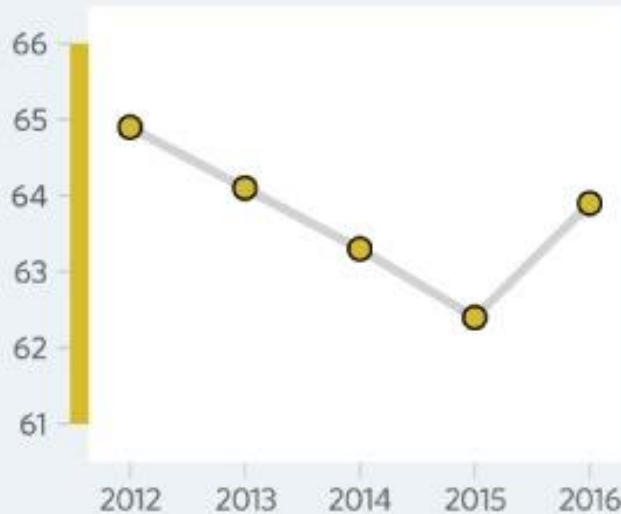
Economic

2016 INDEX OF ECONOMIC FREEDOM

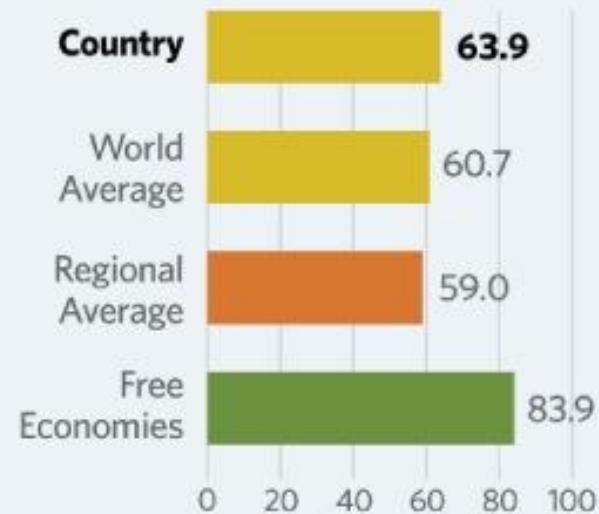
Thailand



Country Score Over Time



2016 Score Comparison



Sources: Terry Miller and Anthony B. Kim, *2016 Index of Economic Freedom* (Washington, DC: The Heritage Foundation and Dow Jones & Company, Inc., 2016), <http://www.heritage.org/index>.

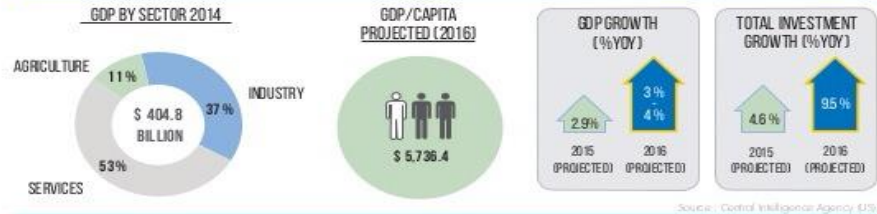
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THAILAND ECONOMY-AT-A-GLANCE

DEMOGRAPHICS

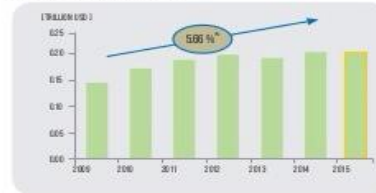


GROSS DOMESTIC PRODUCT



EXPORT FIGURES

THAILAND EXPORT VALUE



TOP 10 EXPORTS (JAN-DEC 2015)



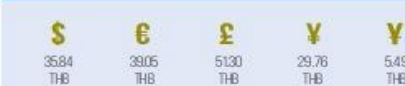
Note: *2010-2015 CAGR

Source: WTO, Ministry of Commerce

OTHER ECONOMIC INDICATORS



AVERAGE EXCHANGE RATES (AS OF 1 FEB 2016)



TAX RATES



Source: Bank of Thailand

Source: The Revenue Department

Economic

Quarter 1/2016

Global Economy



Major economies, recovering from domestic demand, are not growth-supportive for emerging market countries since the manufacturing sector remains sluggish.



Oil prices and commodity prices will stay low



More volatility in the emerging market currencies as the Fed funds rate rises

Thai Economy 2016

Year of domestic growth engine



“EIC forecasts that Thailand’s GDP will grow 2.5%”

Key Drivers



Government infrastructure investments over 170 billion baht boost private confidence



Private investment stimulus measures such as PPP fast track and 10 target industries



More than 32 million foreign tourists



Thai baht will weaken, reaching **37 THB/USD** at the end of 2016, supporting exporters’ revenue.



Cost of borrowing from commercial banks remains low, resulting from the unchanged **policy rate 1.50%** throughout 2016.

Key Risks



Exports remain stagnant. China economy is expected to slow down to 6.3%, from 6.9% last year.



Household incomes have not recovered, due to low agricultural commodity prices, drought, and high household debt.



Cost of borrowing from bond markets will be higher according to the rising US and Thai government bond yields



IUU fishing ban



Less purchasing power from trading partners who are oil exporters.

Source: EIC analysis based on data from CEIC, NCPO, BOT and MOC

www.scbeic.com

SCB
Economic Intelligence Center

www.scbeic.com

Economic Intelligence Center
SCB

Source: EIC analysis based on data from CEIC, NCPO, BOT and MOC

Economic Environment



● **Economic environment: Consumers adopted a new back-to-basics sensibility in their lifestyles and spending patterns. To serve the tastes of these more financially frugal buyers, companies like Target are emphasizing the “pay less” side of their value propositions.**

Associated Press

Economic

Economic Environment

Changes in Consumer Spending

Value marketing involves offering financially cautious buyers greater value—the right combination of quality and service at a fair price.

Economic

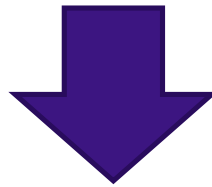
Income Distribution

Over the past several decades, the rich have grown richer, the middle class has shrunk, and the poor have remained poor.



Social





P Political	E Economic	S Social	T Technological	E Environmental	L Legal
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Socio-demographic and cultural environment

- Social Factors: a number of significant pressures on organization can be identified.
- Customers are becoming **increasingly demanding** of the products and services they buy.
- Customers demand, and **expect**, reliable products with quick, efficient service at reasonable prices.
- Furthermore there is **little long-term stability** in customer demand



Demographics

- **Demography** is the study of human populations—size, density, location, age, gender, race, occupation, and other statistics.
- **Demographic environment** involves people, and people make up markets.
- **Demographic trends** include changing age and family structures, geographic population shifts, educational characteristics, and population diversity.

Demographics

- Baby Boomers – born 1946 to 1964
- Generation X – born between 1965 and 1976
- Millennials – born between 1977 and 2000
- Generation Z – born after 2000



Demographics



Demographics

WHY DOES GEN Y BUY?

Generation Y spends an estimated **\$20 billion** in online purchases alone each year.

internet meme from 3 days ago.

90% have a personal computer. 45% have internet on their mobile devices.

knit cap hides rising hairline under guise of youthful fashion.

turn-by-turn navigation app ensures he never has to look up to see where he is going.

4 OUT OF 5 of their daily activities involves the use of technology.

expensive accessory to legitimize claims of creativity.

Gen Y is:

Creators and Trend Setters:	30%
Critics:	34%
Collectors:	18%
Joiners:	57%
Spectators:	54%
Inactives:	17%

1 of only 12 pairs hand sewn by small sect of silent Japanese monks.

Gen Yers desire an authentic relationship with the sellers of the products they buy.

More than 50% often share information about interesting products with their friends.

music, Facebook and texting device.

9/10 Gen Yers own a personal electronic device.

skinny jeans necessitate external placement of keys.

50% Gen Y influences at least 50% of auto purchases and 90% of the apparel purchases in their homes.

'throwback' design replicates original style from 2004.

Gen Y accounts for 21% of all online apparel purchases.

www.getsatisfaction.com

Demographics

HOW BRANDS VIEW GEN Y

LARGEST GENERATION
= the largest market

LARGEST SPENDERS
= the most profitable market

BIG INFLUENCERS
= directly impacting Gen X - Z decisions

SOCIALLY CONNECTED
= huge potential for digital word-of-mouth

LOYAL CUSTOMERS
= lifetime of potential repeat purchases

THE WORKFORCE
= representing over half of the workplace

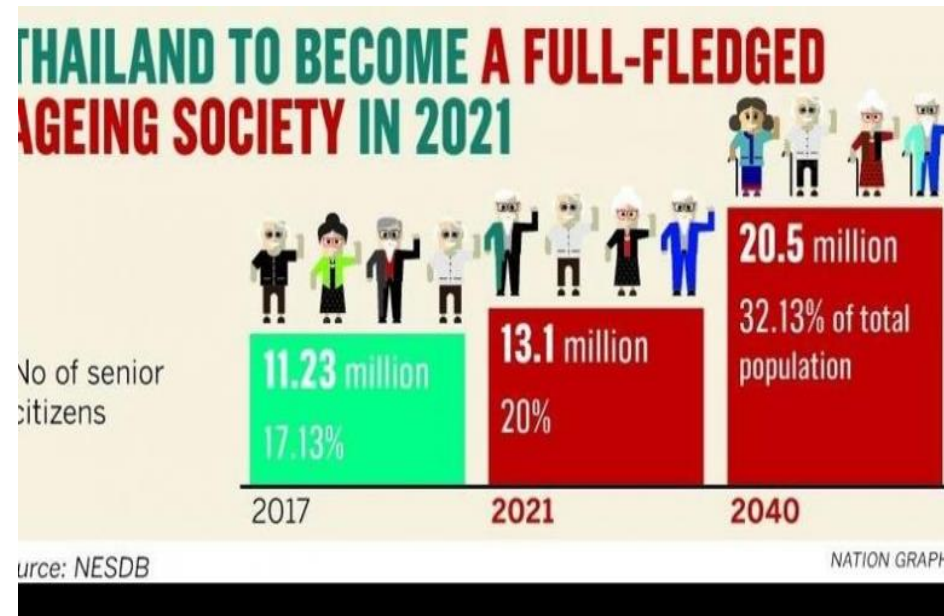
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MARKETING ON FLEEK

3ManFactory

Dynamics of Global Population Trends

Aging population



Demographics

Demographic Environment

Generational marketing is important in segmenting people by lifestyle or life stage instead of age.



Demographics

- Changing American family
- Changes in the workforce



● Targeting Generation Z: The North Face engages young consumers directly and lets them help to define their brand experiences. Such efforts have helped to make The North Face one of today's hottest brands among teens and tweens.

VF Corporation

Demographics

Geographic Shifts in Population

- Growth in U.S. West and South and decline in Midwest and Northeast
- Change in where people work
 - Telecommuting
 - Home office



Demographics

Markets are becoming more diverse.

- International
- National
- Ethnicity
- Gay and lesbian
- Disabled



Culture

Cultural Environment

Core beliefs and values are persistent and are passed on from parents to children and are reinforced by schools, churches, businesses, and government.

Secondary beliefs and values are more open to change and include people's views of themselves, others, organizations, society, nature, and the universe.

Culture

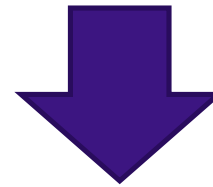
Cultural Environment

The **cultural environment** consists of institutions and other forces that affect a society's basic values, perceptions, and behaviors.



Technological





P Political	E Economic	S Social	T Technological	E Environmental	L Legal
<ul style="list-style-type: none">• Government policy• Political stability or instability overseas• Foreign trade policy• Tax policy• Labor laws• Terrorism and military considerations• Environmental laws• Funding grants and initiatives• Trade restrictions• Fiscal policy	<ul style="list-style-type: none">• Economic Growth• Interest Rates• Exchange rates• Inflation• Disposable income of consumers• Disposable income of businesses• Taxation• Interstate taxes• Wages rates• Financing capabilities	<ul style="list-style-type: none">• Population growth• Age distribution• Health consciousness• Career attitudes• Customer buying trends• Cultural trends• Demographics• Industrial reviews and consumer confidence• Organizational image	<ul style="list-style-type: none">• Producing goods and services• Emerging technologies• Technological maturity• Distributing goods and services• Target Market Communication• Potential Copyright infringements• Increased training to use innovation• Potential Return on Investment (ROI)	<ul style="list-style-type: none">• The decline of raw materials• Pollution and green house gas emissions• Promoting positive business ethics and sustainability• Reduction of their carbon foot print.• Climate and weather• Environmental Legislation• Geographical location (and accessibility)	<ul style="list-style-type: none">• Health & Safety• Equal Opportunities• Advertising Standards• Consumer Rights and laws• Product Labeling• Product Safety• Safety Standards• Labor Laws• Future Legislation• Competitive Legislation

Technological Factors



- **Technological factors:**
 - Newer technology has had a **major impact** on particular aspects of marketing.
 - Computers, and their wide availability to management, have let to increased interest in sophisticated **market modelling and decision support systems.**

Technological

- Most dramatic force in changing the marketplace
- New products, opportunities
- Concern for the safety of new products
- FinTech

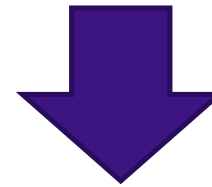


● Marketing technology: Disney is taking RFID technology to new levels with its cool new MagicBand RFID wristband.

Bob Croslin

Environmental





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Environment

The Natural Environment

The **natural environment** is the physical environment and the natural resources that are needed as inputs by marketers or that are affected by marketing activities.



Environment

The Natural Environment

Trends in the Natural Environment

- Growing shortages of raw materials
- Increased pollution
- Increased government intervention
- Developing strategies that support environmental sustainability



Environment

Natural Environment

Environmental sustainability involves developing strategies and practices that create a world economy that the planet can support indefinitely.

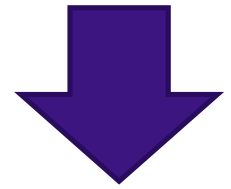


● The natural environment: Nike has tried to advocate sustainability through its own practices and its impact on the actions of its value chain.

david pearson/Alamy Stock Photo

Legal





P Political	E Economic	S Social	T Technological	E Environmental	L Legal
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Legal

Legislation regulating business is intended to protect

- companies from each other
- consumers from unfair business practices
- the interests of society against unrestrained business behavior



Legal

- Increased emphasis on ethics
- Socially responsible behavior
- Cause-related marketing



● Cause-related marketing: AT&T joined forces with competitors Verizon, Sprint, and T-Mobile to spearhead the “It Can Wait” campaign, which urges people of all ages to take the pledge to never text and drive.

Courtesy of AT&T Intellectual Property. Used with permission.

Opportunity and Competitive Analysis Models

Porter's Five Forces

SWOT

Porter's Five Forces Model

Originally developed by Harvard Business School's Michael E. Porter in 1979, the five forces model looks at five specific factors that determine whether or not a business can be profitable, based on other businesses in the industry. Sep 25, 2018

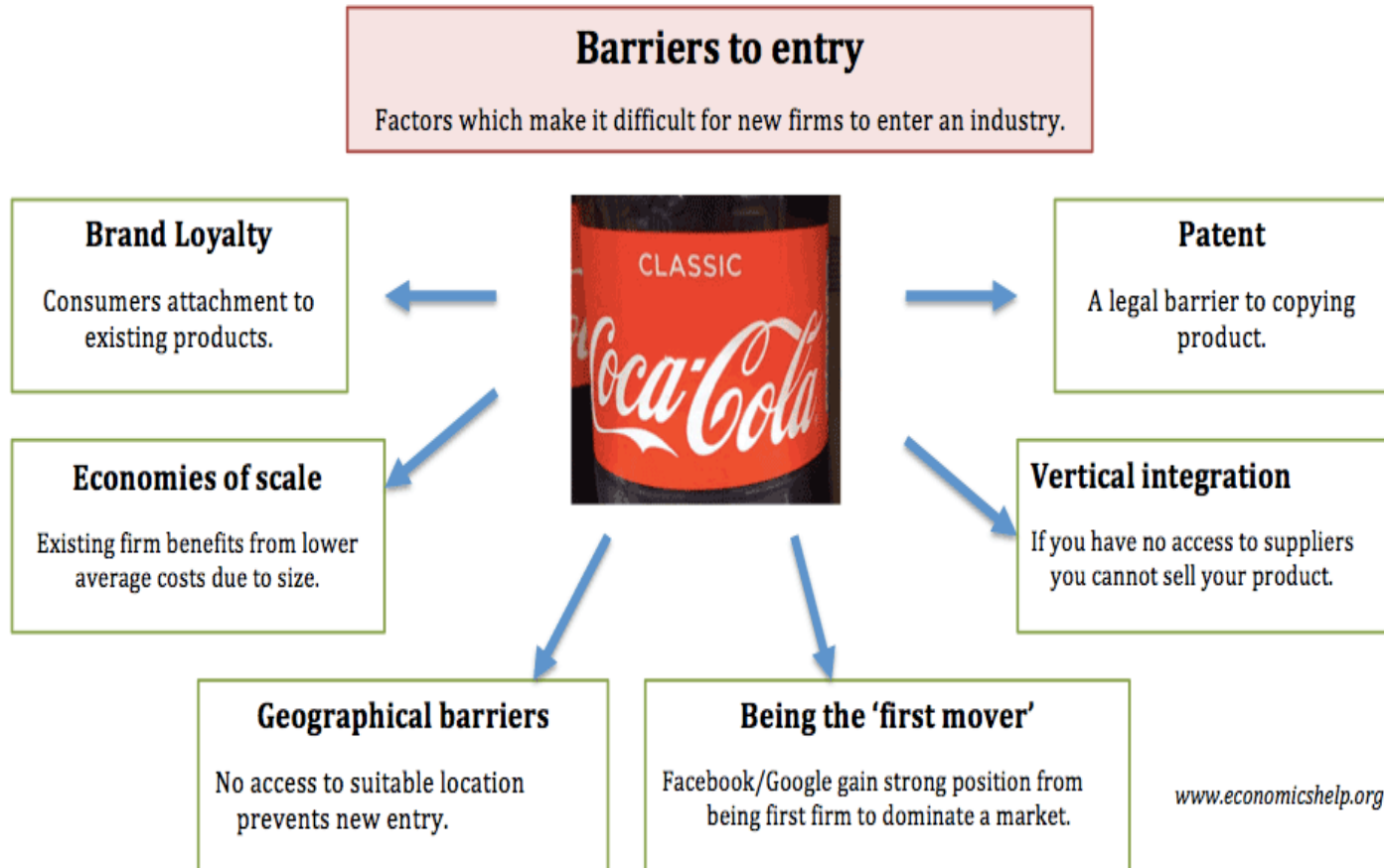


Porter's Five Forces Model



Reference: Exhibit 1.2 Risk, Reward, and Moral Hazard (3 of 3)

- **Barrier to entry**



Easy points ...

<h2>S</h2> <h3>STRENGTHS</h3>	<h2>W</h2> <h3>WEAKNESSES</h3>	<h2>O</h2> <h3>OPPORTUNITIES</h3>	<h2>T</h2> <h3>THREATS</h3>
<ul style="list-style-type: none">• Things your company does well• Qualities that separate you from your competitors• Internal resources such as skilled, knowledgeable staff• Tangible assets such as intellectual property, capital, proprietary technologies etc.	<ul style="list-style-type: none">• Things your company lacks• Things your competitors do better than you• Resource limitations• Unclear unique selling proposition	<ul style="list-style-type: none">• Underserved markets for specific products• Few competitors in your area• Emerging need for your products or services• Press/media coverage of your company	<ul style="list-style-type: none">• Emerging competitors• Changing regulatory environment• Negative press/media coverage• Changing customer attitudes toward your company <p data-bbox="1336 1220 1661 1263"> WordStream</p>

SWOT-Driven Strategic Planning

- Marketing information collected via a situation analysis
 - Identifies the key factors that should be tackled by the firm
 - Organizes them within a system that will monitor and distribute information on these factors on an ongoing basis
- Role of SWOT analysis
 - Synthesize wide array of information and aid in transition of the firm's strategic focus

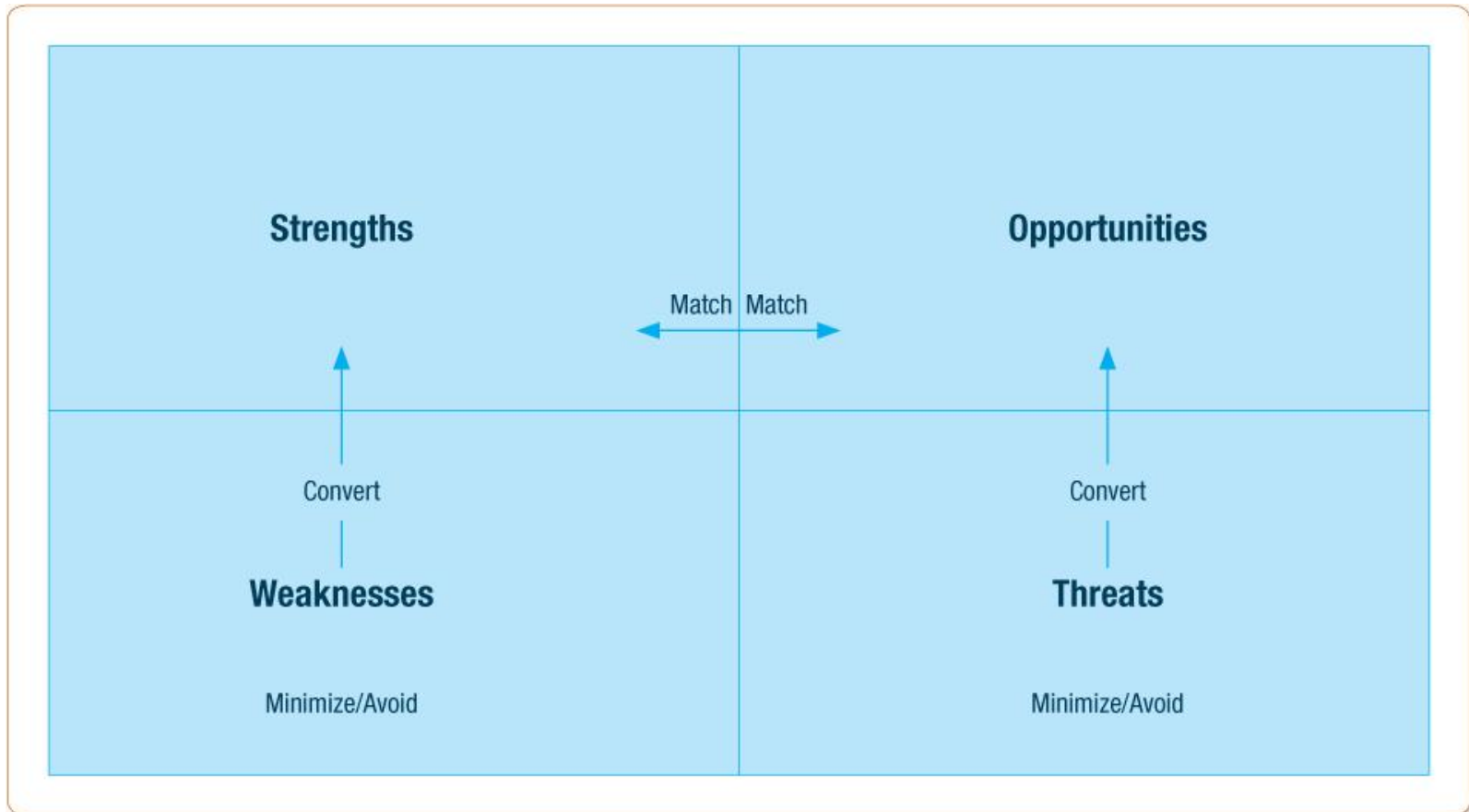
Potential Issues to Consider in a SWOT Analysis

Potential internal strengths	Potential external opportunities
Abundant financial resources	Rapid market growth
Well-known brand name	Mishap of a rival firm
Economies of scale	Government deregulation
Proprietary technology	New technology
Better marketing skills	Demographic shifts
Potential internal weaknesses	Potential external threats
Lack of strategic direction	Entry of foreign competitors
Limited financial resources	Product life cycle in decline
Weak spending on R&D	Changing customer needs/tastes
Very narrow product line	Economic boom/downturn
Internal political problems	New technology

The SWOT Matrix

- Four-cell array used to visually evaluate elements of SWOT analysis
- Should be based on customer perceptions, not perceptions of the manager
- Elements with the highest total ratings should have the greatest influence in developing the strategy
- Focus on competitive advantages by matching strengths with opportunities

The SWOT Matrix



Source: Adapted from Nigel Piercy, *Market-Led Strategic Change* (Oxford, UK: Butterworth-Heinemann, 2002).

SWOT analysis

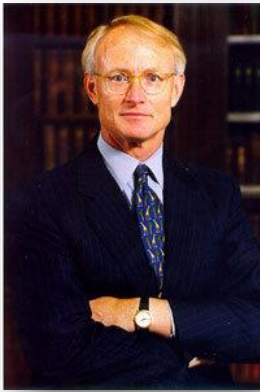
Successful SWOT analysis is fundamentally a process of finding the optimum fit between the firm's controllable strengths and weaknesses and the uncontrollable opportunities and threats posed by the environment in which the firm operates.





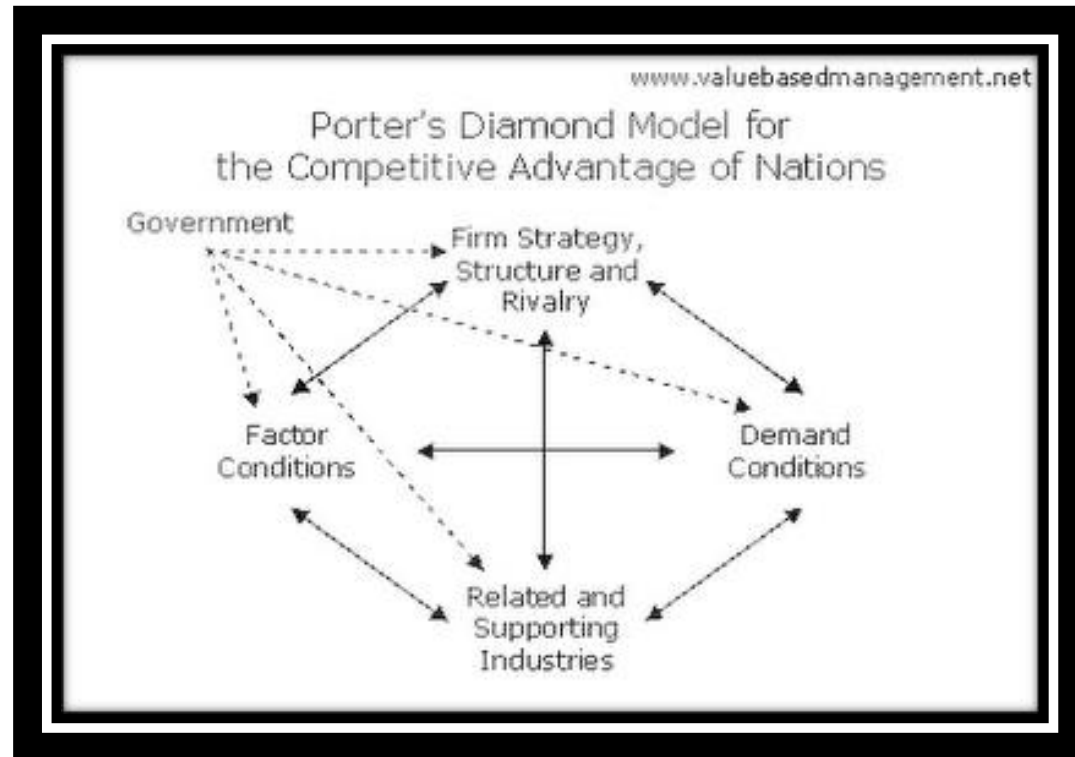
SWOT analysis

A good SWOT profile facilitates the development of a strategy that capitalizes on a company's strengths, minimizes any weaknesses, exploits emerging opportunities and avoids, as far as possible, any threats.



SWOT analysis

The SWOT framework became popular during the 1970s because of its assumption that managers can plan the alignment of a firm's resources with its environment. Subsequently, during the 1980s, Porter's (1980) introduction of the industrial organization paradigm, with his five forces/diamond models, gave primacy to a firm's external environment, overshadowing the popularity of SWOT analysis. In the 1990s, Barney reinvented SWOT as the foundation framework linking the firm's resources to sustained competitive advantage (Barney, 1991)



Elements of the SWOT analysis

- **Strengths**

- Determine your organization's strong points, from an internal perspective as well as from the perspective of external customers. Do not be humble, be a pragmatic as possible

- **Weaknesses**

- Determine your organization's weaknesses not only from internal point of view, but also from customers.

- **Opportunities**

- Another major factor is to determine how your organization can continue to grow within the marketplace. After all, opportunities are everywhere, such as changes in technology, government policies, social patterns, etc.

- **Threats**

- It is vital to be prepared and face up to threats



SWOT analysis



The following are the strategic options suggested by the SWOT-matrix:

- 1 Make a **match** between strengths and opportunities
- 2 **Convert** weaknesses to strengths
- 3 **Convert** threats to opportunities
- 4 **Minimize**, if not avoid, weaknesses and threats.

Application of the SWOT matrix



The four combinations that could result from SWOT analysis are called:

- **Maxi-Maxi (strengths/opportunities):** In essence, an organization should strive to maximize its strengths to capitalize on new opportunities
- **Maxi-Mini (strengths/threats):** In essence, an organization should strive to use its strengths to parry or minimize threats.

Application of the SWOT matrix



The four combinations that could result from SWOT analysis are called (cont.):

- **Mini-Maxi (weaknesses/opportunities):** It encourages the organization to conquer its weaknesses by making the most of any new opportunities
- **Mini-Mini (weaknesses / threats):** This is most definitely a defensive strategy: to minimize an organization's internal weaknesses and avoid external threats.

Analyzing competitors



The main questions to ask about competitors are as follows.

- **What is their (marketing mix) offer?**
- **What is their competitive advantage?**
- **How well are they performing?**
- **What does their SWOT profile look like?**
- **How are they likely to compete in future?**



GROUP work – Let's Practice



Conduct a SWOT analysis for Thailand

- Create one page powerpoint slide with three bullet points for each element
- Presentation 5 minutes max for each team..
- Don't forget to have cover page with team name and member names...

