MKT 703 Strategic Marketing Management

Current Mid Papers Spring 2016

Reference book: Marketing strategy by Ferrell
Web link: - http://www.proz-x.com/stephanlangdon/Library/USCore/Marketing/Ferrell.%20Marketing%20Strategy.pdf

1. **How would you identify the marketing challenges and opportunities in new economy?**

Marketing challenges and opportunities in the new economy include:-

- ✓ A shift in power to customers caused by increased access to information.
- ✓ A massive increase in product selection due to line extensions and global sourcing.
- ✓ Greater audience and media fragmentation as customers spend more time with interactive media and less time with traditional media.
- ✓ Changing customer perceptions of value and frugality.
- ✓ Shifting demand patterns for certain product categories, especially those delivered digitally.
- ✓ Increasing concerns over privacy, security, and ethics.
- ✓ Unclear legal jurisdictions, especially in global markets.

For details of above points see the page # 3-6 of reference book.

2. **Why societal focus is implicit from the context of nonprofit organization?**

It should however be noted that a societal focus is implicit in the proposed definitions when employed in the context of not-for-profit organizations (specifically, the purpose component of the definition). As the society changes, more attention is being focused on institutions that are making important contributions to the alleviation of human problems throughout the world; the nonprofit or voluntary sector indicate that the nonprofit sector is increasingly being substituting for state social welfare service delivery. Nonprofit organizations are becoming an important part of our society. The work of non-profit organizations is important in offering important services typically not provided by the for-profit sector or the government and considered important for the society such as health, social welfare, and education .They differ from for profit organizations and as such have different environment elements. The most important are: beneficiaries, the persons who receive the service, donors, which provide funding for the NPO, the staff, other NPOs or government directories with which have agreements etc.

3. **Why permission marketing is focus on individual marketing in order to maintain and develop long term relationship?**

Permission marketing, although similar to one-to-one marketing, is different in that customers choose to become part of a firm's market segment.

In permission marketing, customers give companies permission to specifically target them in their marketing efforts. The most common tool used in permission marketing is the opt-in e-mail list, where customers permit a firm—or a third-party partner of the firm—to send periodic e-mail about goods and services that they have interest in purchasing. This scenario is ubiquitous in business-to-consumer e-commerce, so much so that many consumers fail to notice it. When customers order products online, they receive the option of receiving or not receiving future e-mail notifications about new products. In many cases, customers must deselect a box at the end of the order form or they will be added to the e-mail list.

Permission marketing has a major advantage over other individualized segmentation approaches: Customers who opt in have already shown interest in the goods and services offered by the firm. This allows the firm to precisely target only those individuals with an interest in their products, thereby eliminating wasted marketing effort and expense. For example, many airlines have the permission of their customers to send weekly e-mail notices of airfare and other travel-related specials. This system is in stark contrast to traditional mass media advertising, where only a portion of the viewing or reading audience has a real interest in the company's product.

One-to-one marketing, mass customization, and permission marketing will become even more important in the future because their focus on individual customers makes them critical to the development and maintenance of long-term relationships. The simple truth is that customers will maintain relationships with firms that best fulfill their needs or solve their problems. Unfortunately, individualized segmentation approaches can be prohibitively expensive. To make these approaches viable, firms must be mindful of two important issues. First, the delivery of the marketing program must be automated to a degree that makes it cost-efficient. The Internet makes this possible by allowing for individual customization in real time. Second, the marketing program must not become so automated that the offering lacks personalization. Today, personalization means much more than simply calling customers by name. We use the term to describe the idea of giving customers choices—not only in terms of product configuration, but also in terms of the entire marketing program. Firms like Dell and Amazon offer a great deal of personalization by effectively mining their customer databases. Customers can choose payment terms, shipping terms, delivery locations, gift wrapping, and whether to opt in to future e-mail promotions. Also, by monitoring click stream data in real time, the best e-commerce firms can offer product suggestions on the fly—while customers visit their sites. This sort of customized point-of-sale information not only increases sales, it also better fulfills customers' needs and increases the likelihood of establishing long-term customer relationships.

4. Why and how customer do select firm product. Explain any 5.

Customers usually seek out exchanges with marketers who offer products that are high in one or more of these five types of utility:

- Form Utility:- Products high in form utility have attributes or features that set them apart from the competition.
- Time Utility:- Products high in time utility are available when customers want them. Typically, this means that products are available now rather than later.
- Place Utility:- Products high in place utility are available where customers want them, which is typically wherever the customer happens to be at that moment (such as grocery delivery to a home) or where the product needs to be at that moment (such as florist delivery to a workplace).
- Possession Utility:- Possession utility deals with the transfer of ownership or title from marketer to customer. Products higher in possession utility are more satisfying because marketers make them easier to acquire.
- Psychological Utility:- Products high in psychological utility deliver positive experiential or psychological attributes that customers find satisfying. Sporting events often fall into this category, especially when the competition is based on an intense rivalry.

See the page#13-14 of reference book

As a marketing manager of ABC limited company how you evaluate the company objectives, goals, performance implementation and overall strategy?

First, the marketing manager must assess the firm's current marketing objectives, strategy, and performance. A periodic assessment of marketing objectives is necessary to ensure that they remain consistent with the firm's mission and the changing customer and external environments. It may also be necessary to reassess the firm's marketing goals if the objectives prove to be out of date or ineffective. This analysis serves as an important input to later stages of the marketing planning process. The marketing manager should also evaluate the performance of the current marketing strategy with respect to sales volume, market share, profitability, and other relevant measures. This analysis can take place at many levels: by brand, product line, market, business unit, division, and so on. It is also important to analyze the marketing strategy relative to overall industry performance. Poor or declining performance may be the result of (1) holding on to marketing goals or objectives inconsistent with the current realities of the customer or external environments, (2) a flawed marketing strategy, (3) poor implementation, or (4) changes in the customer or external environments beyond the control of the firm. The causes for poor or declining performance must be pinpointed before marketing strategies can be developed to correct the situation.

Review of Current Marketing Objectives, Strategy, and Performance

→ What are the current marketing goals and objectives?

→ Are the marketing goals and objectives consistent with the corporate or business-unit mission, goals, and objectives? Are they consistent with recent changes in the customer or external environments? Why or why not?

→ How are current marketing strategies performing with respect to anticipated outcomes (for example, sales volume, market share, profitability, communication, brand awareness, customer preference, and customer satisfaction)?

→ How does current performance compare to other organizations in the industry? Is the performance of the industry as a whole improving or declining? Why?

→ If performance is declining, what are the most likely causes? Are marketing objectives inconsistent? Is the strategy flawed? Was the strategy poorly implemented?

→ If performance is improving, what actions can be taken to ensure that performance continues to improve? Is the improvement in performance due to a better than anticipated environment or superior planning and implementation?

5. competitive intelligence

Adnan Bashir Competitive intelligence involves the legal and ethical observation, tracking, and analysis of the total range of competitive activity, including competitors' capabilities and vulnerabilities with respect to sources of supply, technology, marketing, financial strength, manufacturing capacities and qualities, and target markets. It also attempts to predict and anticipate competitive actions and reactions in the marketplace.

Like · Reply · 2 · 7 hrs · Edited

6. lifestyle trends with respect to social economic and cultural tends

Adnan Bashir Lifestyle Trends
Clothing becoming more casual, especially at work
Clothing becoming more revealing, especially for women Growing participation in body modification (e.g., tattoos, piercings) Americans having less time for leisure activities
Vacationing at home becoming more common
Less shopping in malls, more shopping from home
Continuing focus on health, nutrition, and exercise Increasing importance of leisure time versus work time
Declining time spent watching television and reading newspapers Increasing time spent using computers and talking/texting on wireless phones
Growing popularity of fuel-efficient hybrid vehicles Growing ubiquity of digital entertainment

Like · Reply · 3 · 7 hrs

7. **Digital marketing (what is digital marketing and how it is important in making marketing decisions) or Digital marketing (consumer preference) or significance of Digital marketing**

Read this article

http://www.businesszone.co.uk/community-voice/blogs/tcii/the-importance-of-digital-marketing

8. **Mass marketing**

1. Involves no segmentation whatsoever as it is aimed at the total (whole) market for a particular product.
2. Is an undifferentiated approach that assumes that all customers in the market have similar needs and wants that can be reasonably satisfied with a single marketing program.
3. Works best when the needs of an entire market are relatively homogeneous.
4. Is advantageous in terms of production efficiency and lower marketing costs.
5. Is inherently risky because a standardized product is vulnerable to competitors that offer specialized products that better match customers' needs.

9. **Practical implications of BCG matrix**

BCG Matrix- Practical Implications

a. Applicable Strategies
b. Consolidation Strategy
c. The complexity
d. Fragmented and stale-mated markets
e. BCG matrix revolves around internal sources of funds - a narrow approach

From Slides~~~Lecture#15

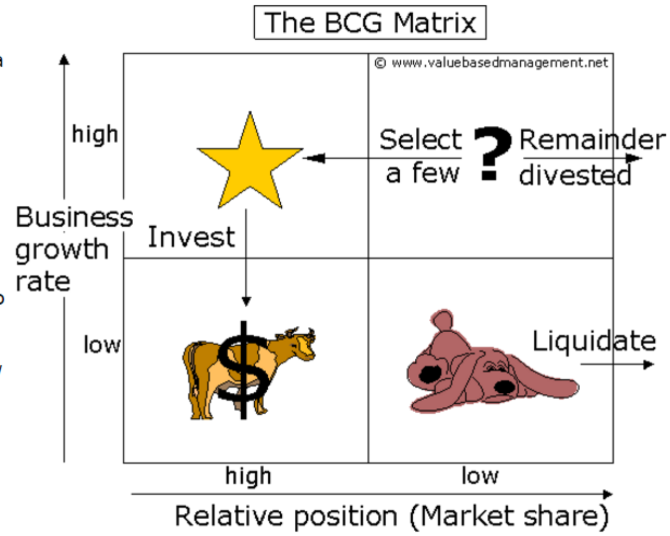
10. **Discuss the customer post purchase evaluation / Post purchase behavior**

Post-purchase Evaluation—the consumer decision process does not end once the product or service has been purchased. After using a product or service the consumer compares the level of performance with expectations. Satisfaction occurs when the consumer's expectations are either met or exceeded, while dissatisfaction results when performance is below expectations. Another possible outcome of purchase is cognitive dissonance which refers to a feeling of psychological tension or post-purchase doubt a consumer may experience after making a difficult purchase choice. Consumers often look to advertising for supportive information regarding the choice they have made.

11. Describe the BCG group matrix.

BCG Matrix

Product Portfolio Management:
Summary of the BCG Model. Abstract



The **BCG Model** is based on the product life cycle theory that can be used to determine what priorities should be given in the **product portfolio of a business unit**. To ensure long-term value creation, a company should have a portfolio of products that contains both high-growth products in need of cash inputs and low-growth products that generate a lot of cash. It has 2 dimensions: **market share** and **market growth**. The basic idea behind it is that the bigger the market share a product has or the faster the product's market grows the better it is for the company.

Placing products in the BCG matrix results in 4 categories in a portfolio of a company:

1. Stars (=high growth, high market share)
- use large amounts of cash and are leaders in the business so they should also generate large amounts of cash.
- frequently roughly in balance on net cash flow. However if needed any attempt should be made to hold share, because the rewards will be a cash cow if market share is kept.

2. Cash Cows (=low growth, high market share)
- profits and cash generation should be high , and because of the low growth, investments needed should be low. Keep profits high
- Foundation of a company

3. Dogs (=low growth, low market share)
- avoid and minimize the number of dogs in a company.
- beware of expensive 'turn around plans'.
- deliver cash, otherwise liquidate

4. Question Marks (= high growth, low market share)
- have the worst cash characteristics of all, because high demands and low returns due to low market share
- if nothing is done to change the market share, question marks will simply absorb great amounts of cash and later, as the growth stops, a dog.
- either invest heavily or sell off or invest nothing and generate whatever cash it can. Increase market share or deliver cash

The **BCG Method** can help understand a frequently made strategy mistake: having a one-size-fits-all-approach to strategy, such as a generic growth target (9 percent per year) or a generic return on capital of say 9,5% for an entire corporation.
In such a scenario:
A. Cash Cows Business Units will beat their profit target easily; their management have an easy job and are often praised anyhow. Even worse, they are often allowed to reinvest substantial cash amounts in their businesses which are mature and not growing anymore.
B. Dogs Business Units fight an impossible battle and, even worse, investments are made now and then in hopeless attempts to 'turn the business around'.
C. As a result (all) Question Marks and Stars Business Units get mediocre size investment funds. In this way they are unable to ever become cash cows. These inadequate invested sums of money are a waste of money. Either these SBUs should receive enough investment funds to enable them to achieve a real market dominance and become a cash cow (or star), or otherwise companies are advised to disinvest and try to get whatever possible cash out of the question marks that were not selected.

Some **limitations of the Boston Consulting Group Matrix** include:

- High market share is not the only success factor
- Market growth is not the only indicator for attractiveness of a market
- Sometimes Dogs can earn even more cash as Cash Cows

Pak Suzuki Motor (from Past papers)

12. How PAk Suzuki can reduce post purchase dissonance in customers?

Give after sale service, customer care, be in touch with customer & get feedback after selling of Cars, introduce complain section through website or social media where dissatisfied customers can release their frustration & Suzuki must responded to these customers.

13. As a researcher characteristics of good market segment 2 points

Characteristics of Segments

Segment should be:

- Useable
- Accessible
- Actionable (reachable through means of communication)

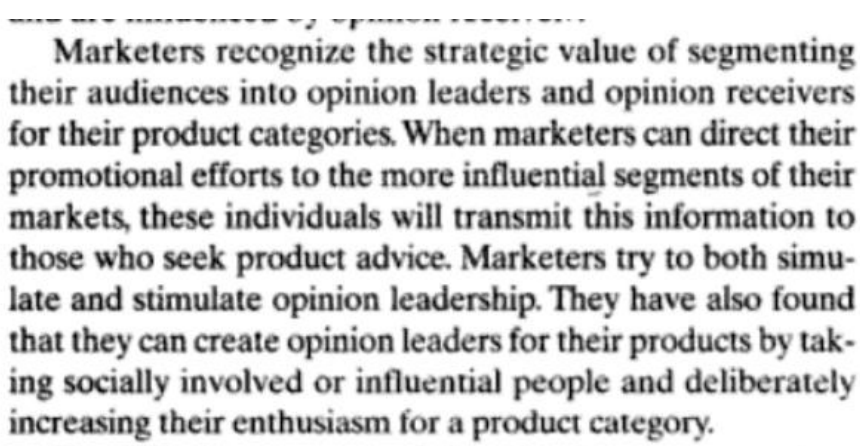
MKT 730 (Slides/Handouts)

14. Opinion leader better than advertisement of product

From reference book page# 161

Reference groups and opinion leaders also have an important impact on consumers' buying processes. Reference groups act as a point of comparison and source of product information. A consumer's purchase decisions tend to fall in line with the advice, beliefs, and actions of one or more reference groups. Opinion leaders can be part of a reference group or may be specific individuals that exist outside of a reference group. When consumers feel like they lack personal expertise, they seek the advice of opinion leaders, who they view as being well informed in a particular field of knowledge. In some cases, marketers will seek out opinion leaders before trying to reach more mainstream consumers. Software manufacturers, for example, release beta (test) versions of their products to opinion leaders before a full-scale launch. Not only does this practice work the bugs out of the product, it also starts a word-of-mouth buzz about the upcoming software release.

From Google Book


Marketers recognize the strategic value of segmenting their audiences into opinion leaders and opinion receivers for their product categories. When marketers can direct their promotional efforts to the more influential segments of their markets, these individuals will transmit this information to those who seek product advice. Marketers try to both simulate and stimulate opinion leadership. They have also found that they can create opinion leaders for their products by taking socially involved or influential people and deliberately increasing their enthusiasm for a product category.

15. Critical view of BCG Matrix

From Slides~~~Lecture#15

- Not applicable to the whole industry
- Positioning criteria for a product – largest competitor
- Operationalization in-effectiveness of BCG Matrix
- Limited role in strategy designing
- Effective to pin point present and possible future position

16. How SWOT Matrix helps in marketing planning?

Marketing planning:-

The process of analyzing one or more potentially interesting marketplaces in order to determine how a business can optimally compete in them. The market planning process typically results in a marketing strategy that can be used to enhance sales for the business producing it.

SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. SWOT stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal factors. Opportunities and threats are external factors. Strength is a positive internal factor. A weakness is a negative internal factor. An opportunity is a positive external factor. A threat is a negative external factor.

We should aim to turn our weaknesses into strengths, and our threats into opportunities. Then finally, SWOT will give managers options to match internal strengths with external opportunities. The outcome should be an increase in 'value' for customers – which hopefully will improve our competitive advantage.

The main purpose of the analysis has to be to add value to our products and services so that we can recruit new customers, retain loyal customers, and extend products and services to customer segments over the long-term. If undertaken successfully, we can then increase our Return on Investment (ROI).

How SWOT helps in Marketing planning:-

Once you've established specific values related to your business offerings within the four quadrants of SWOT analysis, you can develop a strategic plan based on the information you've learned. For example, once you've identified your inherent strengths, you can leverage them to pursue the opportunities best suited to your organization, effectively reducing potential vulnerability related to threats. In the same way, by identifying your organizations weaknesses with regard to external threats, you can devise a plan that will enable you to eliminate or minimize them while improving defensive strategies related to your offerings.

References: -
http://www.businessdictionary.com/definition/market-planning.html#ixzz4A862CGt8

http://www.businessdictionary.com/article/632/using-swot-analysis-to-develop-a-marketing-strategy/

http://www.marketingteacher.com/swot-analysis/

Also see

http://business2businessmarketing.blogspot.com/2007/04/what-is-involved-in-marketing-planning.html

17. Discuss BCG Matrix in context with new economy?

BCG Matrix
– A tool for Analysis
– Possible usefulness in making Strategic plan
– Easy to understand
– Simple
– Trial able
– Helps to calculate growth
– It depicts the efficiency of each product in terms of cash flow
– More effective for firms with diverse product portfolio

From Slides~~~Lecture#15

18. SWOT matrix for Marketers

Marketers:- A person whose duties include the identification of the goods and services desired by a set of consumers, as well as the marketing of those goods and services on behalf of a company.

Using SWOT for Marketers:-

In many competitor analyses, marketers build detailed profiles of each competitor in the market, focusing especially on their relative competitive strengths and weaknesses using SWOT analysis. Marketing managers will examine each competitor's cost structure, sources of profits, resources and competencies, competitive positioning and product differentiation, degree of vertical integration, historical responses to industry developments, and other factors.

References: -

https://en.wikipedia.org/wiki/SWOT_analysis

http://www.businessdictionary.com/definition/marketer.html#ixzz4A8torbbh

19. Conceptualize BCG matrix in term of Firm's capabilities?

BCG Matrix – its Conceptualization
- ✓ Link between profitability and market share
- ✓ Experience Curve
- ✓ Increase in production and decrease in cost ratio
- ✓ Link between funding and strategy

From Slides~~~Lecture#15

20. Why pricing Strategies valued as common source to attain competitive advantage Or Discuss the Low pricing is a competitive advantage

Or Promotional advantages are valued and known common source of competitive advantage?

Common Sources of competitive advantage are as follows:-

Promotion Advantages are:- Company image. Large promotion budget. Superior sales force Creativity. Extensive marketing expertise

Pricing Advantages are: - Lower production costs. Economies of scale. Large-volume buying. Low-cost distribution. Bargaining power with vendors.

Product Advantages:-Brand equity and brand name. Exclusive products. Superior quality or features. Production expertise. Guarantees and warranties. Outstanding customer service. Research and development. Superior product image

Relational Advantages:-Brand-loyal customers. High customer-switching costs. Long-term relationships with supply chain. partners. Strategic alliance agreements. Comarketing or obranding agreements. Tight coordination and integration with supply chain partners. Strong bargaining power.

Legal Advantages:- Patents and trademarks. Strong and beneficial contracts. Tax advantages. Zoning laws. Global trade restrictions. Government subsidies.

Organizational Advantages:- Abundant financial resources. Modern plant and equipment. Effective competitor and customer. intelligence systems. Culture, vision, and shared goals. organizational goodwill.

Human Resource Advantages:- Superior management talent. Strong organizational culture. Access to skilled labor. Committed employees. World-class employee training

Distribution Advantages:- Efficient distribution system. -time inventory control. Extensive supply chain integration. Superior information systems. Exclusive distribution outlets. Convenient locations. Strong e-commerce capabilities

For more detail see the page# 21-22 of reference book

21. How companies acquire CA through marketing goals.

The achievement of the firm's goals and objectives depends on its ability to create capabilities by matching its strengths with market opportunities. Capabilities become competitive advantages if they provide better value to customers than competing offerings.

For more detail see the page# 133 of reference book

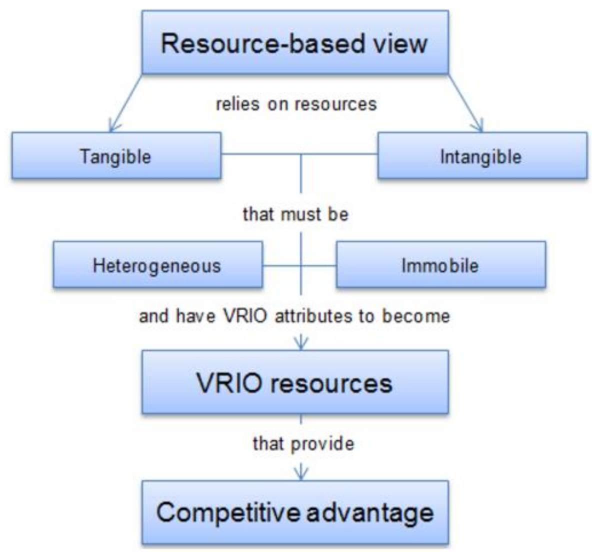
Or

Most firms have limited resources; it is typically difficult to accomplish everything in a single planning cycle. At this point, the manager must prioritize the firm's strategic intentions and develop specific goals and objectives for the marketing plan. Marketing goals and objectives must be consistent with the overall mission and vision of the firm.

Solution given by class fellow Salman Iqbal

22. RBV point of view every organization can be considered as a unique bundle of tangible and intangible resources what are major type of resources

According to RBV proponents, it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity. In RBV model, resources are given the major role in helping companies to achieve higher organizational performance. There are two types of resources: tangible and intangible.



Tangible assets are physical things. Land, buildings, machinery, equipment and capital – all these assets are tangible. Physical resources can easily be bought in the market so they confer little advantage to the companies in the long run because rivals can soon acquire the identical assets.

Intangible assets are everything else that has no physical presence but can still be owned by the company. Brand reputation, trademarks, intellectual property are all intangible assets. Unlike physical resources, brand reputation is built over a long time and is something that other companies cannot buy from the market. Intangible resources usually stay within a company and are the main source of sustainable competitive advantage.

https://www.strategicmanagementinsight.com/topics/resource-based-view.html

Or

- **Financial Resources**—cash, access to financial markets, physical facilities, equipment, raw materials, systems and configurations
- **Intellectual Resources**—expertise, discoveries, creativity, innovation.
- **Legal Resources**—patents, trademarks, contracts

- **Human Resources**—employee expertise and skills, leadership
- **Organizational Resources**—culture, customs, shared values, vision, routines, working relationships, processes and systems.
- **Informational Resources**—customer intelligence, competitive intelligence, marketing information systems
- **Relational Resources**—strategic alliances, relations with customers, vendors, and other stakeholders, bargaining power, switching costs.
- **Reputational Resources**—brand names, symbols, image, reputation

Solution given by class fellow Salman Iqbal

23. Advancement of technology factor with respect to external enviorment

It include PESTLE analysis

Go through lecture # 9

24. Question based on strategy focus. (Scenario based)

Porter's generic strategies describe how a company pursues competitive advantage across its chosen market scope. There are three/four generic strategies, either lower cost, differentiated, or focus.

Big companies which chose applying differentiation strategies may also choose to apply in conjunction with focus strategies (either cost or differentiation). On the other hand, this is definitely an appropriate strategy for small companies especially for those wanting to avoid competition with big ones.

In adopting a narrow focus, the company ideally focuses on a few target markets (also called a segmentation strategy or niche strategy). These should be distinct groups with specialized needs. The choice of offering low prices or differentiated products/services should depend on the needs of the selected segment and the resources and capabilities of the firm. It is hoped that by focusing your marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market. The firm typically looks to gain a competitive advantage through product innovation and/or brand marketing rather than efficiency. A focused strategy should target market segments that are less vulnerable to substitutes or where a competition is weakest to earn above-average return on investment.

Examples of firm using a focus strategy include Southwest Airlines, which provides short-haul point-to-point flights in contrast to the hub-and-spoke model of mainstream carriers, United, and American Airlines.

Other definition:-

A marketing strategy in which a company concentrates its resources on entering or expanding in a narrow market or industry segment.

A focus strategy is usually employed where the company knows its segment and has products to competitively satisfy its needs. Focus strategy is one of three generic marketing strategies. See differentiation strategy and low cost strategy for the other two.

https://en.wikipedia.org/wiki/Porter%27s_generic_strategies
http://www.businessdictionary.com/definition/focus-strategy.html#ixzz4A9DGI4gx

25. Mission Vs Vision

In my point of view

Vision is an end point while the Mission is a path or way to achieve that end point.

For more detail see the page# 33 of reference book

26. Social pattern

- ✓ Reference Group
- ✓ Opinion Leaders
- ✓ Social Class
- ✓ Family Influence
- ✓ Aspirational Reference Group

Go through lecture # 19 + Slides

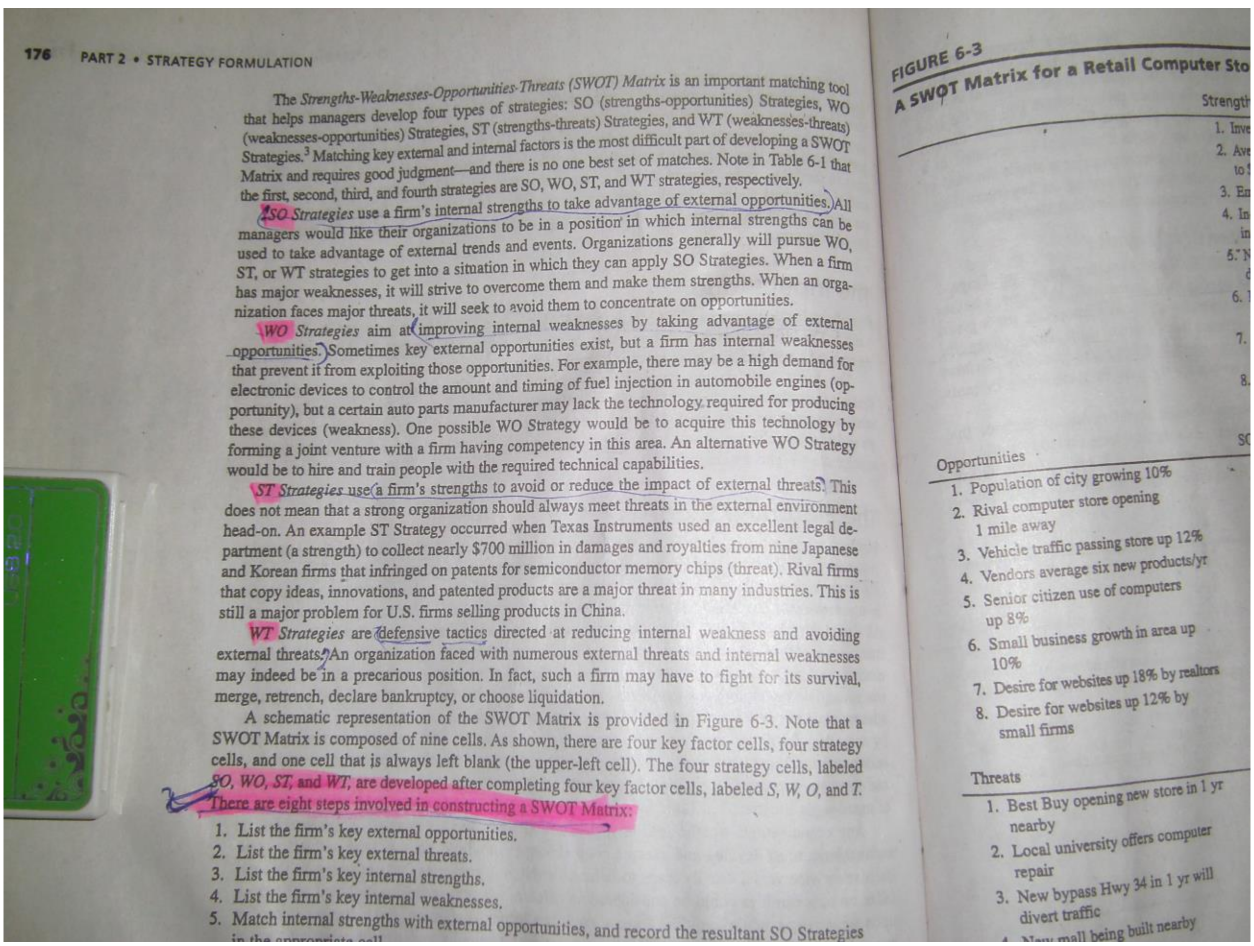
27. Why match opportunity with Mission and competencies

It includes SWOT analysis

Organizations should first begin by reviewing internal strengths and weaknesses. When analyzing an organization's strengths it is important to identify distinctive competencies or strengths possessed by only a few competing firms. These distinctive competencies often become the competitive advantages that are included in the mission statement. Distinctive competencies can be found in financial resources, quality products and services, proprietary technology, or cost advantages. Organizational weaknesses are skills and capabilities that prevent an organization from implementing strategies that achieve its mission. They can be problems with facilities, lack of a clear strategic direction, internal operating problems, too narrow a product line, weak market image, or the inability to finance changes.

The next step is to identify external opportunities and threats. Organizational opportunities are circumstances in an organization's environment that if capitalized on will result in above normal increases in economic performance. Examples of opportunities are related to the possibility of adding a new product line, increasing market growth, or diversifying into related products. Threats are viewed as circumstances that give rise to normal or below normal economic performance. They can be found in the ease of entry of competitors, increased sales of substituted products, demographic changes, slowed market growth, or increased competition.
Go through lecture#16
http://www.referenceforbusiness.com/management/Mar-No/Mission-and-Vision-Statements.html#ixzz4A9YfMHYY

Must read this



176 PART 2 • STRATEGY FORMULATION

The *Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix* is an important matching tool that helps managers develop four types of strategies: SO (strengths-opportunities) Strategies, WO (weaknesses-opportunities) Strategies, ST (strengths-threats) Strategies, and WT (weaknesses-threats) Strategies.[3] Matching key external and internal factors is the most difficult part of developing a SWOT Matrix and requires good judgment—and there is no one best set of matches. Note in Table 6-1 that the first, second, third, and fourth strategies are SO, WO, ST, and WT strategies, respectively.

SO Strategies use a firm's internal strengths to take advantage of external opportunities. All managers would like their organizations to be in a position in which internal strengths can be used to take advantage of external trends and events. Organizations generally will pursue WO, ST, or WT strategies to get into a situation in which they can apply SO Strategies. When a firm has major weaknesses, it will strive to overcome them and make them strengths. When an organization faces major threats, it will seek to avoid them to concentrate on opportunities.

WO Strategies aim at improving internal weaknesses by taking advantage of external opportunities. Sometimes key external opportunities exist, but a firm has internal weaknesses that prevent it from exploiting those opportunities. For example, there may be a high demand for electronic devices to control the amount and timing of fuel injection in automobile engines (opportunity), but a certain auto parts manufacturer may lack the technology required for producing these devices (weakness). One possible WO Strategy would be to acquire this technology by forming a joint venture with a firm having competency in this area. An alternative WO Strategy would be to hire and train people with the required technical capabilities.

ST Strategies use a firm's strengths to avoid or reduce the impact of external threats. This does not mean that a strong organization should always meet threats in the external environment head-on. An example ST Strategy occurred when Texas Instruments used an excellent legal department (a strength) to collect nearly $700 million in damages and royalties from nine Japanese and Korean firms that infringed on patents for semiconductor memory chips (threat). Rival firms that copy ideas, innovations, and patented products are a major threat in many industries. This is still a major problem for U.S. firms selling products in China.

WT Strategies are defensive tactics directed at reducing internal weakness and avoiding external threats. An organization faced with numerous external threats and internal weaknesses may indeed be in a precarious position. In fact, such a firm may have to fight for its survival, merge, retrench, declare bankruptcy, or choose liquidation.

A schematic representation of the SWOT Matrix is provided in Figure 6-3. Note that a SWOT Matrix is composed of nine cells. As shown, there are four key factor cells, four strategy cells, and one cell that is always left blank (the upper-left cell). The four strategy cells, labeled *SO, WO, ST,* and *WT,* are developed after completing four key factor cells, labeled *S, W, O,* and *T.* There are eight steps involved in constructing a SWOT Matrix:

1. List the firm's key external opportunities.
2. List the firm's key external threats.
3. List the firm's key internal strengths.
4. List the firm's key internal weaknesses.
5. Match internal strengths with external opportunities, and record the resultant SO Strategies

FIGURE 6-3
A SWOT Matrix for a Retail Computer Sto

Strength

Opportunities
1. Population of city growing 10%
2. Rival computer store opening 1 mile away
3. Vehicle traffic passing store up 12%
4. Vendors average six new products/yr
5. Senior citizen use of computers up 8%
6. Small business growth in area up 10%
7. Desire for websites up 18% by realtors
8. Desire for websites up 12% by small firms

Threats
1. Best Buy opening new store in 1 yr nearby
2. Local university offers computer repair
3. New bypass Hwy 34 in 1 yr will divert traffic

Questions from Lecture#10

How porter's five force model can create competitive advantage??

Bargaining Power of Supplier
Effects the intensity of competition when : there is large number of suppliers, less availability of raw material, Cost of switching supplier or raw material is high, Suppliers can charge high prices
Bargaining Power of Buyers
Firms' performance depends upon the consumers especially when : they are in large number and purchase in large quantity, Buyers face switching costs, Buyers have useful information, rival firms offer discounts to, warranty and services to switch the consumer from one brand to another within the same industry
Rivalry among Competitive firms: Most powerful of five competitive forces, Firms compete in the same industry for gaining customer share, Firms pursue strategies that give competitive advantage Potential Entry of New Competitors, Intensify the competition in the industry
Firms create entry barriers to stop the new entrants: Strategy has to be linked to this new scenario Potential Development of Substitute Products, Firms monitor the trends within the industry to track strategies, Competition arises not only within the same industry but also in other industries
Firms develop products with same features or functionality or even better, Strategy has to be linked to compete with these firms

28. **When the reason behind competing is product so why we have to focus on players rather than the product??**

We have to focus on the product with respect to some measurement, we have to compare it with something, and we have to evaluate the customer satisfaction about that product as compared to other, and try to get an edge in the market. So for this we have to see all the Strength of the competitors and focus on some area to get competitive advantage. "it is not the machine but the man behind the machine' so it’s the competitors that creates new ideas and promote the product to attract the customer, you can to mobile company in Pak, as no 3G, 4G so everybody was ok with that 2G but as soon 3G introduced the customer attention move toward the new technology. (This is just my point of view) may be wrong as not with market specialization.