

Marketing Process

Lesson 3

HSC  ME

Situational Analysis – SWOT, Product Life Cycle

- Situational analysis – investigates the marketing opportunities and potential problems.
- Attempts to answer; a) where is the firm now? B) where will the firm be in the future?
- Swot analysis (strengths, weaknesses, opportunities, threats)
- Identifies and analyses internal S&W of the business and external O&T on the business
- Provides information needed to complete the situational analysis and give a clear indication of the business's position compared with its competitors.

Internal & External Factors

- Internal factors may cover:
 - ✓ Products and product range
 - ✓ Production capacity
 - ✓ Research and development
 - ✓ Profitability
 - ✓ Level of borrowed funds
 - ✓ Staff and management skills



Internal & External Factors

- External factors may cover
 - ✓ Competition – present position, likely future, reasons for success or failure
 - ✓ Politics – tax, environment, wages, regulations
 - ✓ Economics – state of the economy, interest rates, level of employment
 - ✓ Social situation – changes in social behavior, attitudes, standard of living, levels of income
 - ✓ Technology – changes to existing products, methods of distribution and production
 - ✓ Health, safety – changes in zoning regulations, pollution standards

Subway - SWOT Analysis

Subway SWOT Analysis

Strengths

- Size and number stores and channels
- Menu reflects demand for fresh, healthy and fast.
- Use of non-traditional channels.
- Partnering with the American Heart Association.
- Worldwide brand recognition.
- Customizable menu offerings.
- Low franchisee start-up costs.
- Franchisee training is structured, brief and designed to assure rapid start-up and success.

Weaknesses

- Décor is outdated.
- Some franchisees are unhappy.
- Service delivery is inconsistent from store to store.
- Employee turnover is high.
- No control over franchise saturation in given market areas

Subway - SWOT Analysis

Opportunities

- Continue to Grow Global Business.
- Update décor to encourage more dine-in business. Improve Customer Service Model.
- Continue to expand channel opportunities to include event wagons.
- Improve franchisee relations.
- Experiment with drive-through business.
- Expand packaged dessert offerings.
- Continue to revise and refresh menu offerings.
- Develop more partnerships with movie producers and toy manufacturers to promote new movie releases through children's menu packaging and co-branding opportunities.

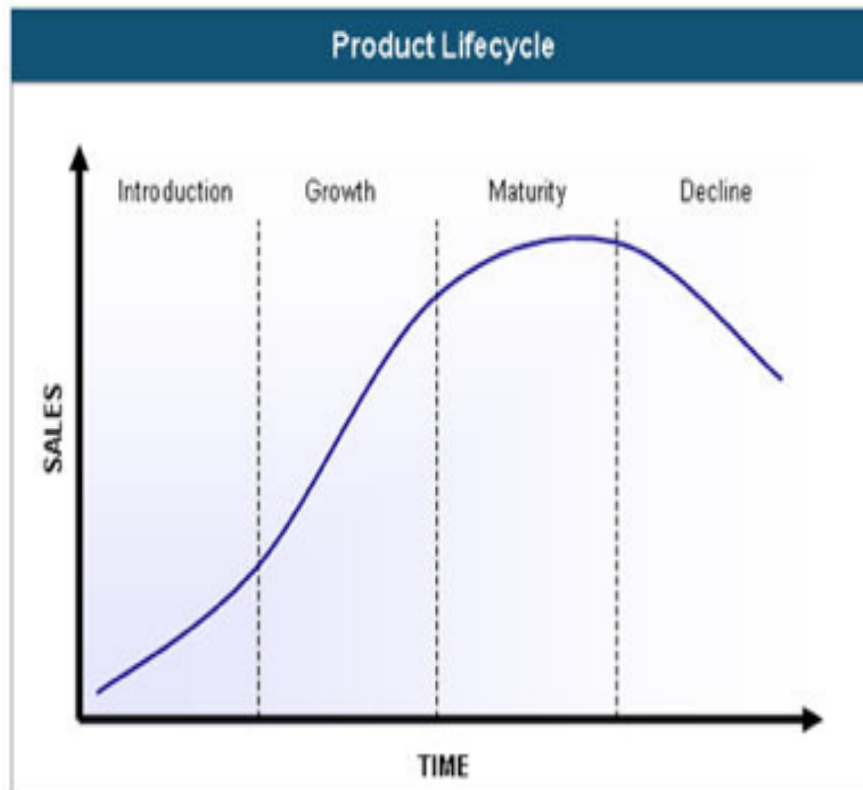
Threats

- Franchisee unrest or litigation.
- Food contamination (spinach).
- Competition.
- Interest Costs.
- Economic downturn.
- Sabotage.
- Law Suits.

Product Life Cycle

Product life cycle

At each stage of the product life cycle a different strategy is necessary. A business must be able to launch, modify and delete products in response to changes in the product life cycle.



Introduction phase	Growth phase	Maturity phase	Decline phase
Determination of product attributes Product in use studies Direct mail advertising Need determination in old markets Need determination in new markets Physical performance of the product Innovative promotions Marketing expenditures Sales force efforts	Improve quality Improve styling Modifications by process Physical performance of product Feature additions Product line changes Changes in product features Complementary products Product in use studies Existing markets New markets Innovative promotions Geographical expansions Service improvement Differentiation by design Distribution by intensity Market segmentation Differentiation by price Distribution extensity Brand awareness Price manipulation Sales force efforts Marketing expenditure	Improve quality Improve styling Modifications by process Sales credit Feature additions Product line changes Retailoring products Complementary products Product in use studies Existing markets New markets Innovative promotions Geographical expansions Service improvement Differentiation by design Distribution by intensity Differentiation by promotion Differentiation by price Repurchasers Market segmentation Distribution extensity Brand awareness Price manipulation Sales force efforts Marketing expenditure	Service improvements Differentiation by design Differentiation by promotion Differentiation by price Improve quality Retailor products Product line changes Sales force efforts Marketing expenditures



Apple SWOT analysis

2013



Company Background

Name	Apple Inc.
Current CEO	Tim Cook
Revenue	\$ 156.508 billion (2012)
Profit	\$ 41.733 billion (2012)
Employees	72,800 (2012)
Competitors	Amazon.com, Dell, Google, Microsoft, Samsung Electronics

Strengths

1.

- Customer loyalty

2.

- Strong financial performance (\$10,000,000,000 cash, gross profit margin 43.9% and no debt)

3.

- Closed product ecosystem

4.

- Brand awareness and reputation

Strengths (cont.)

5.

Leading innovator in mobile device technology

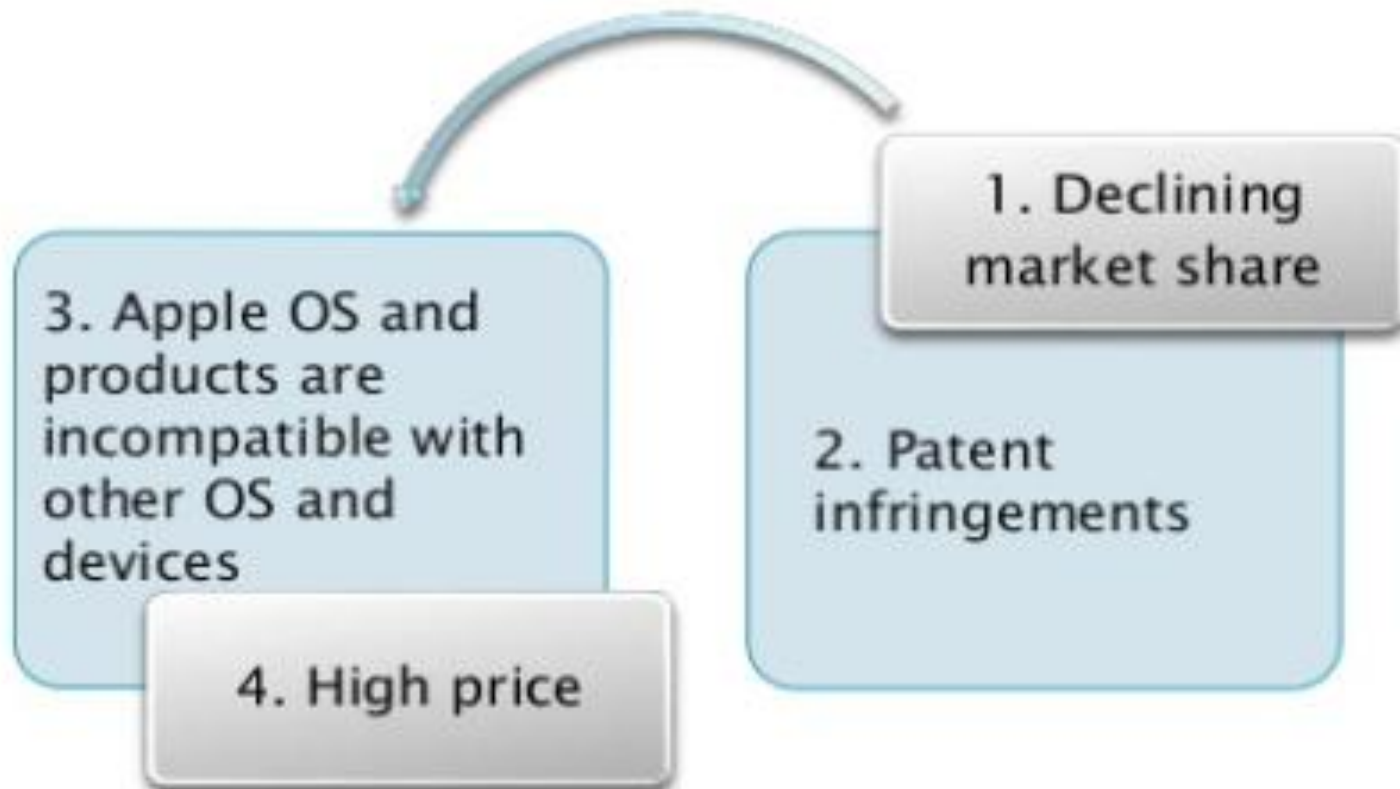
6.

Retail stores

7.

Successful marketing and advertising campaigns

Weaknesses

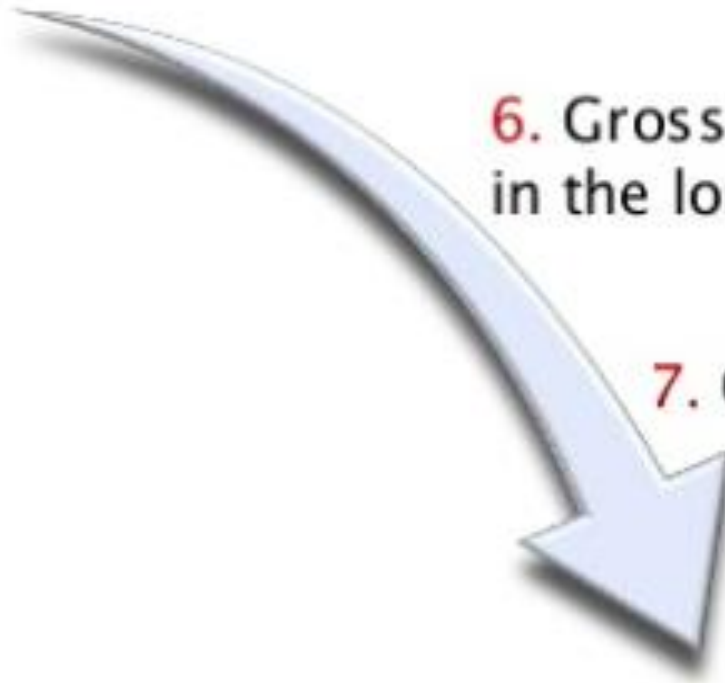


Weaknesses (cont.)

5. Defects in new products

6. Gross margin will decline
in the long - term

7. Changes in management



Opportunities



Opportunities (cont.)



Threats



1. Rapid technological change



2. Price pressure from Samsung over the key components



3. Tax increases in 2013



4. Growth of Android OS

Threats (cont.)



5. Competitors new initiatives in online music market
6. Rising pay levels for Foxconn workers
7. Appreciating dollar
8. Breached IP rights

Your turn!

- Identify a business you are familiar with.
- Fill out the SWOT analysis worksheet in relation to your chosen business.