

Practitioners' Use of SWOT Analysis

The SWOT analysis is a very simplistic tool, yet it appears in most marketing plans and is popular with boards of directors because it conveys so much information: strengths (S) on which to build, weaknesses (W) to rectify, opportunities (O) to consider and threats (T) to address.

The SWOT depicted (top of page 46) is typical. This was produced by a brainstorming workshop involving 25 sales and marketing personnel. Workshops are often used to generate SWOTs; alternatively, individual managers may spend a few minutes producing them – while killing time at an airport, say. The problems in the example (top of page 46) are that:

- the lists were not ranked in order of importance, only listed in the order they were suggested
- many of the bulleted points are vague or ambiguous
- there is no validation or evidence to support these points being included, only the personal judgement of the managers present at the meeting
- the implications are not detailed
- there are far too many non-prioritised points listed to act upon.

continued...

<p>Strengths</p> <ul style="list-style-type: none"> • Experience & quality of people • Safety/environmental standards • Brand heritage – low price perception • Co-op mode of operation • Teamwork/alignment • New concept • Merchandising • Category management structure • Store locations • Streamlined organisation • Fully integrated company • Ability to change quickly • Dealer Loyalty 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Multiple image • Inconsistent site presentation • Brand equity value • Inflexible logistics • Lack of maintaining business investment • High break-even cost • Lack of flexible resources • Inflexible technology • Inconsistent focus on retailing/lack of selling structure • Staff turnover • Quality of data and analysis • Inadequate benchmarking • Consumer research • Reactive rather than proactive • Communication – quality/mode • Poor succession planning • Cost control • Total overheads too high • Too many non-performing sites
<p>Opportunities</p> <ul style="list-style-type: none"> • Dealer buying group • Customer loyalty promotion • Optimising distribution e.g. push/pull • Market growth of forecourt convenience • Synergies for services with other brands • Green products • European purchasing agreements • Joint venture on payment card • Detailed economical analysis for sites • Concessions/cebranding • Alcohol/fast food/bakeries • Technology • Small profitable dealers (brand standards) • Cost effective store and design • More and better use of consumer/customer research industry data • Active selling by sales attendants • Optimisation of site opening hours • Promoting underperforming sites/micro marketing • Margin enhancement through loyalty scheme • Alliance with shop retailers • Market attrition • Linking site to local community • Co-op portfolio management • Differentiation through customer service excellence • Closer supplier relations • Telesales 	<p>Threats</p> <ul style="list-style-type: none"> • Industry restructuring <ul style="list-style-type: none"> – by store categories – by supplier/retailer alliances/JVs • Lack of loyalty programme • Government transport policy • Lack of shop image and investment • Majors targeting smaller dealers • Cost of environmental legislation • Control of costs • Continued low margins • Failure to capture convenience market growth

By contrast, the following SWOT grid for a major insurance company has a more manageable set of issues, although the points are still ambiguous.

		SWOT Grid for an Insurance Business	
		STRENGTHS	WEAKNESSES
Internal issues	Brand recognition Expertise in underwriting Network British, leading UK market Wide product range	Share price Press reports → Media targeting Uncertainty re. direction/market segments Poor product differentiation Cost base Wide network	
External issues	Profitable markets still far from mature Broker loyalty Business unit focus strategy Technology Joint ventures with 3rd parties, such as major retailers entering fin/servs	Regulation Solvency Share price & ownership Negative press Losing customers Competitors – many mergers taking place Our markets are desirable to Euro-rivals Changing weather patterns	
		OPPORTUNITIES	THREATS

More importantly, this business has abided by the following essential guidelines:

- Be as focused as possible – no huge lists.
- Use teamwork to generate a range of opinions, then verify with external stakeholders (e.g. channel members, suppliers, customers) and benchmark against any available marketing research or customer satisfaction audit data.
- Concentrate on a customer orientation in allocating priorities: deal first with issues of importance to customers, particularly weaknesses that rivals could exploit.
- Strengths and weaknesses are more revealing when benchmarked against key rivals.
- Use an analysis of the macro marketing environment (see Chapter 3) as input to the opportunities and threats.
- Rank the points listed in order of importance: senior managers assume lists presented to them to be prioritised.
- Have supporting evidence, otherwise exclude the issue from the list.
- Be honest! Bad news, too.

Having produced the top-line SWOT depicted above left, the insurance company team then debated in detail each point in order to clarify the issues, verify their importance and discuss the implication of each issue to the business. This discussion led to a prioritisation of tasks to action. This phase is crucial if the SWOT is to help direct a business's thinking.

By following these guidelines, this insurance business produced a meaningful, objective SWOT that led to specific action programmes, notably to address the stated weaknesses and steer the board's thinking about possible opportunities to consider.

Source: © Dibb/Simkin.

Note: a more extensive explanation of this technique is offered in either *The Market Segmentation Workbook* (Dibb and Simkin) or *The Marketing Planning Workbook* (Dibb, Simkin and Bradley), both originally published in 1996 by Thomson (London).