

THE SIGNIFICANCE OF SWOT ANALYSIS IN MARKETING PLANNING

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Abstract. *At the present time, for entering or being in a certain segment of market you should know exactly what your goals and opportunities. Further make valid marketing plan, which includes: marketing goal and objective, marketing strategy and its implementation. The main objective of firm (enterprise) is reduce the degree of uncertainty and risk for economic activity and to ensure concentration of resources on selected priority areas by using marketing planning. Effective implementation of all marketing functions at the appropriate level will be real enough if the marketing plan is made with different marketing research.*

Marketing planning – goal setting, choice of marketing strategies and the development of measures to reach them for a certain period, including a necessary marketing analyses. Reliable and competent analysis will help to develop the state of the company. Since information analysis connects marketers to markets, customers, competitors, and with all the elements of the marketing environment.

SWOT analysis is often the first step in the business analysis in a marketing plan. SWOT-analysis involves the study of the strengths and weaknesses of the company, analysis of threats from the external environment and ways to develop. In addition to identifying strengths and weaknesses, external threats and opportunities of this analysis also suggests the establishment of links between them. SWOT analysis gives a clear picture of how well the business is running and the wider marketing and sales environment are operating in.

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SWOT analysis is recommended to make at least 1 time per year as the part of the strategic planning and budget formulation. Application of SWOT analysis can be different. Many organizations conduct SWOT analysis for each market in which they operate. Some companies also find it useful to build a matrix and its main competitors. This will help to identify the strengths and weaknesses of the company, its ability to combat the identified threats and opportunities. One useful method of conducting this assessment is to visualize the analysis via a SWOT matrix (Fig. 1).

One of the major benefits of SWOT analysis is that it generates information and perspectives that can be shared across a variety of functional areas in the firm. The SWOT process should be a powerful stimulus for communication outside normal channels. The final outcome of a properly conducted SWOT analysis should be a fusion of information from many areas. Managers in sales, advertising, production, research and development, finance, customer service, inventory control, quality control, and other areas should learn what other managers see as the firm's strengths, weaknesses, opportunities, and threats. This allows the marketing manager to come to terms with multiple perspectives before actually creating the marketing plan.

This matrix becomes the last step in conducting the SWOT-analysis of the enterprise, doing the right things on the analysis, finding the right strategies of business growth. Performing in the form of four squares with tactical actions aimed at increasing the competitiveness of the product on all sides, with a reduction of external threats, ensuring efficient use of the existing opportunities for business development. Such analysis has benefit and pitfall. However, choosing correct solution by SWOT analysis depends on 95% of success of firm (enterprise). SWOT analysis is also required not only strategy planning but also workshop sessions, brainstorming meetings, product evaluation, competitor evaluation, personal development planning, product launch and decision making.

Benefits of SWOT analysis: 1) Knowing the completion-reviews a company's competitors and benchmarks against them to configure strategies that will put the company in a competitive advantage; 2) Decision making tool-provides well-rounded information that prompt well-informed decisions; 3) Forecasting-provides a variety of information critical to forecasted variables.

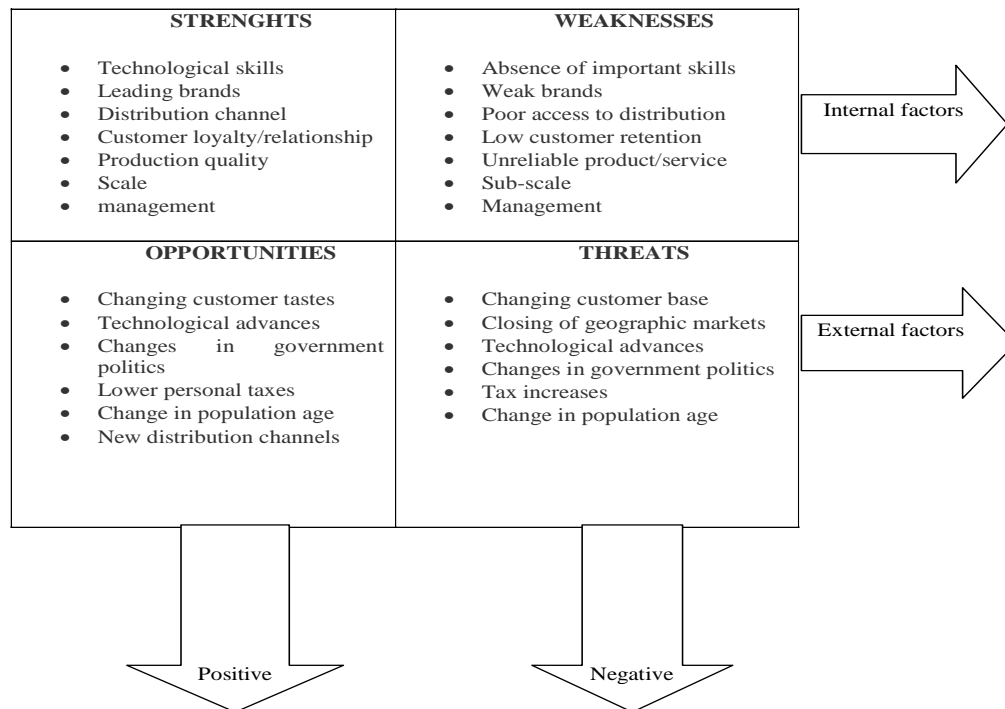


Fig. 1. SWOT Analysis matrix

Threats, for e.g., can impact a business's forecast. By understanding the company's advantages and disadvantages, forecasts will be more accurate.

Besides the broad benefits, here are few more benefits of conducting SWOT analysis: 1) helps in setting of objectives for strategic planning; 2) provides an impetus to analyze a situation and develop suitable strategies and tactics; 3) basis for assessing core capabilities and competencies; 4) evidence for, and cultural key to change; 5) provides a stimulus to participation in a group experience.

Pitfalls of SWOT analysis:

- Can be very subjective. Two people rarely come up with the same final version of a SWOT. Use it as a guide and not as a prescription.
- Many cause organizations to view circumstances as very simple due to which certain key strategic contact may be overlooked.
- Categorizing aspects as strengths, weaknesses, opportunities and threats might be very subjective as there is great degree of uncertainly market
- To be effective, SWOT needs to be conducted regularly. The pace of change makes it difficult to anticipate developments
- The data used in the analysis may be based on assumptions that subsequently prove to be unfounded (good and bad).
- It lacks detailed structure, so key elements may get missed.

Finally, SWOT analysis is the main part of marketing plan, which help decision makers share and compare ideas, bring clearer common purpose and understanding of factors for success.

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