4. Assumptions of market, opportunities, and threats

4.1 SWOT analysis

A SWOT analysis (alternatively SWOT Matrix) is a structured planning method used to evaluate the strengths, weaknesses, opportunities, and threats involved in a project or in a business venture.

A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieving that objective.

The technique is credited to Albert Humphrey, who led a convention at the Stanford Research Institute (now SRI International) in the 1960s and 1970s using data from Fortune 500 companies. The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of strategic fit.

Setting the objective should be done after the SWOT analysis has been performed. This would allow achievable goals or objectives to be set for the organization. SWOT is an acronym for:

- Strengths: characteristics of the business or project that give it an advantage over others. Identify the strengths of the company. This includes resources that give the company an obvious advantage. Some examples of strengths are an established reputation, brilliant talent, global distribution and expertise in a certain niche.

- Weaknesses: characteristics that place the business or project at a disadvantage relative to others. Identify the weaknesses of the company. Some obvious examples are inexperience, high operating costs and poor reputation.

- Opportunities: elements that the project could exploit to its advantage. When identifying opportunities, look for potential enhancements, new potential clients or cost reductions.

- Threats: elements in the environment that could cause trouble for the business or project. Some potential threats that can be identified include declined interest in a particular product or service, increase in taxes and tighter regulations.

Identification of SWOTs is important because they can inform later steps in planning to achieve the objective.

First, the decision makers should consider whether the objective is attainable, given the SWOTs. If the objective is *not* attainable a different objective must be selected and the process repeated.

Users of SWOT analysis need to ask and answer questions that generate meaningful information for each category (strengths, weaknesses, opportunities, and threats) to make the analysis useful and find their competitive advantage.

4.2 **Market assumptions**

There may be certain assumptions that need to be made in the marketing planning process. It is always best to keep the assumptions to a minimum. If many assumptions have been made it will become necessary to review the plan periodically to check whether the assumptions are reasonable based on the changing business environment. If the assumptions are proven wrong it may become necessary to redo the marketing plan.

Assumptions relate to external factors over which the company has little control. Assumptions should be as few as possible and if they are not needed then they should not be introduced. For each assumption, a contingency plan should be formulated, so in the case of an assumption being wrong, the appropriate contingency plan can be brought in. At this stage, contingency plans should not be detailed. They will only consist of a sentence or two that are merely directional plans to be implemented if assumptions are incorrect in practice.

Considerations: If you don't follow your marketing plan, timeline and benchmarks, and you don't update your plan as your assumptions are tested, the effort you put into creating the plan has been wasted. You may even have lost control of your marketing budget. Successful marketing is a science: It's possible to accurately market for specific revenue returns if you've fully tested and optimized your assumptions, methods and message.

4.3 **Marketing audit**

A marketing plan audit is a comprehensive review used to evaluate marketing strategy, gauge return on investment and ensure meeting an organization's objectives. Simply, the audit will identify strengths and weakness, enabling the organization to recommend changes in processes and resources to increase effectiveness and efficiency. This systematic approach should be conducted periodically. Often, a marketing plan audit is conducted by outside agencies to ensure objective viewpoints.

When conducting the audit in-house, be realistic about strengths and weaknesses. Also, when evaluating marketing goals, ensure they are specific, measurable, attainable and realistic.

Also, keep your competition in mind as you conduct your audit. Ask yourself how your company compares to similar companies. Three main audit types are the SWOT, PEST and Five Forces Analysis. A SWOT analysis focuses on strengths, weaknesses, opportunities and threats.

Strengths and weakness are both internal aspects, while opportunities and threats are both external. The PEST marketing plan audit model acknowledges there is an internal environment as well as an external environment.

And the Five Forces Analysis focuses on the external factors of the larger aspect of the business instead of simply the product or product line. This analysis consists of the threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitute products and competitive rivalry.

This approach lays out the main variables that dictate levels of competition among firms. A manager can then schematically lay these variables out in order to come to a rational decision about cutting costs or marketing new products. It is a highly rational way for managers to make decisions, and different sorts of firms will then have different approaches to marketing or pay scales.

4.4 **Market goal**

Goals and objectives of a marketing plan are important in the success of your business. The goals include what you would like out of your business and what direction you would like to take your business. Goals can also include expanding to a new market or reaching a new customer base.

The primary goal of marketing is to meet the wants and needs of consumers more efficiently and effectively than the competition. How to exactly do that is different for each company, but no matter what type of business you're in, your marketing plan determines the goals that your company wants to reach. To achieve marketing goals, your marketing plan must provide specifics as to what needs to be done. The goals should be tailored to the product/services you are offering to the market.

Accountability

- Review your marketing plan and do something every day that moves your company closer to achieving the marketing goals. Keep a daily log of activities you did that day that contributes to fulfilling these objectives, in addition to noting items that need to be done.

Detailed

- Make sure your objectives are specific and detailed. "Placing ads" is not a specific enough marketing objective because it does not define what type of media. "Placing an ad on a local TV station that describes our upcoming sale" provides a concrete definition of what needs to be accomplished.

Tactical

- Put a date range next to each task: The date you'd like to have it completed, and the date it was actually completed. Associating time frames to objectives will help keep your company on track to reach their marketing goals.

Realistic

- When it comes to marketing budgets, you have to be realistic and set measurable financial goals that the company can actually reach. Decide if you can "afford" the goal when setting budgetary limits. Buying advertising is expensive. Companies should not rely on potential customer increases from advertising to pay for the advertisement.

4.5 **Matrix SWOT and BCG**

In terms of its presentation the SWOT analysis is normally put into a four box matrix with internal strengths and weaknesses being listed in the top two boxes and external opportunities and threats being listed in the lower two boxes. Experience has shown that for most companies, ranging from the very large to the very small, the number of strengths and weaknesses is around 10 - 15 each and the number of opportunities and threats is about 5 - 12 each. Any less normally indicates that the SWOT is incomplete and more indicates that a number of points are being repeated in different words.

The BCG matrix or also called BCG model relates to marketing. The BCG model is a well- known portfolio management tool used in product life cycle theory (product launched in the market undergoes various phases of analysis, growth, maturity and declination).

BCG matrix is often used to prioritize which products within company product mix get more funding and attention. The BCG matrix model is a portfolio planning model developed by Bruce Henderson of the Boston Consulting Group in the early 1970's. The BCG model is based on classification of products (and implicitly also company business units) into four categories based on combination of *market growth share* relative to the largest competitor.