

A CONCEPTUAL FRAMEWORK ON EVALUATING SWOT ANALYSIS AS THE MEDIATOR IN STRATEGIC MARKETING PLANNING THROUGH MARKETING INTELLIGENCE

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ABSTRACT

The purpose of this paper is to investigate the importance of marketing intelligence on strategic marketing planning using SWOT analysis for evaluation. Moreover, the paper aims to examine the critical issues of SWOT analysis and seeks a systematic way to head them on. This concept is well discussed in this research arena. Numerous such initiatives have already been taken, however this concept invites a lot more addition, related companies are still in pursuit to materialize the research concepts. This piece of writing is a solely based on extensive literature review. The impact of pre-job evaluation in assessing SWOT analysis appears to be positive for effective strategic marketing planning. The current paper helps marketing managers to understanding the importance of marketing intelligence and pre-job evaluation for effective strategic marketing planning.

Keywords Marketing Intelligence, Strategic Management, Strategic Marketing Planning, SWOT Analysis

INTRODUCTION

For a past few decades, organizations have been facing fierce competition in their external environment in which they operate. For any organization, environment consists of external factors (*i.e.* customers, competitors, stakeholders and many more) that have the powers to influence organization's performance. The main reason behind this intense competition is the shifting paradigm of markets across overseas. For every product there are number of competitors which collectively compete one another and strive to seek excellence through their unique tactical moves. Now customers have a variety of alternatives available to them so every organization is engaged in finding out the best ways to attract and retain their customers and to outmaneuver one another. For this purpose organizations devise strategies so as to compete their competitors *i.e.* cost leadership, differentiation or both. This ultimately results in market segmentation, penetration, and many more. The question is- how organizations jump on the competition. This can be done so by knowing the capabilities of their competitors and staying one-step ahead of them- a process known in the business phraseology is marketing intelligence (Tan & Ahmad, 1999).

Every action taken by organizations creates some degree of changes in its internal and external environment. Understanding competitive intensity is central to shaping organization's profit potential. Marketing intelligence provides essential underpinnings for crucial outputs of strategic marketing planning; aimed at increasing internal strength and overall performance of an organization. Marketers acknowledge the need of marketing intelligence for planning organizational marketing strategies in order gain a competitive advantage over competitors. Numerous studies provide evidence for the importance of marketing intelligence in effective strategic marketing planning (Caudron, 1994; Huster, 2005; Wright, 2005). A particular concern of marketers to be engaged in marketing intelligence on regular and continuous basis is to formulate strategic marketing planning so as to generate good deals of interest for the organization. Hence, by doing so strategic marketing planning answers the key questions: why do some organizations outperform others? How to outmaneuver others? More specifically, it influences organization's success and failure.

Marketers after conducting marketing intelligence evaluate organization's potentials on the essence of available information through SWOT analysis. SWOT analysis is an acronym for Strengths, Weaknesses, Opportunities, and Threats. SWOT helps in identifying organization's core competencies *i.e.* potential strengths and utilizing those in exploiting opportunities and counteracting threats; and identifying weaknesses in order to diminish them. Hence, helps in formulating strategic marketing planning. In spite of the importance of SWOT analysis in strategic marketing planning and decision-making, it has following drawbacks associated with it *i.e.* it relies on subjective instincts, avoids quantification, and lacks prognostic powers (Agarwal, Grassl, & Pahl, 2012) hence, sometimes harms performance. Extending this idea it is stated that SWOT analysis is based on the intuitions of individuals, which may have biasness in their views with one another; consequently, slows down the effectiveness of SWOT analysis. In order to successfully formulate strategic marketing planning there is an intense need of identifying ways to thwart this predicament.

This article therefore notes the various critical issues of SWOT analysis and ascertains ways to meet them head on.

Literature Review

Marketing Intelligence has been used as a strategic marketing planning tool for the past few decades. Marketers use marketing intelligence for various purposes *i.e.* gaining competitive advantage, counteracting markets' insurgencies, and identifying market potentials. A compelling reason for organizations to be

engaged in marketing intelligence is the changing landscape of market environment and technological advancements. Whilst marketing intelligence involves congregating information about customers, competitors, and dynamic market conditions on regular and continuing basis in order to stay in touch with what is happening in the marketplace. Zikmund (1996) defines marketing intelligence as “A network of sources and regular procedures by which marketing executives obtain everyday information about non-recurrent developments in the external marketing environment.” More specifically, marketing intelligence involves extensive intelligence gathering about competitors’ positions, capabilities, and their intentions (Sammon, Kurland, & Spitalnic, 1984) so as to stay one step ahead of them. Furthermore, efficient marketing intelligence makes it possible for organizations developing short and long-term plans and strategies; as Ettorre (1995) suggests that marketing intelligence is the process of gathering significant information about competitors, their position in the marketplace, their core competencies; and applying this knowledge for achieving distinctive competencies and executing short and long term planning accordingly.

2.1 Marketing Intelligence & Strategic Marketing Planning

For organizations to be in conformity with dynamic market conditions and to gain a competitive advantage; there emerges an intense need for marketers to be engaged in marketing intelligence (Lackman, Saban, and Lanasa, 2000). Extended this idea it is suggested that marketing intelligence is the ability to learn and deal with vibrant market environment, to acquire information about influential forces in ones surroundings, and to apply that knowledge to manipulate ones environment. Furthermore, information gathered through marketing intelligence is of undue emphasis for strategic marketing planning since decisions are being made on the basis of external and internal information (Xu & Kaye, 1995). Numerous studies have provided evidence for strategic marketing to be intelligence led process (Trim, 2004; Huster, 2005). Strategic marketing planning process includes series of activities that helps organizations setting strategic objectives, and formulating strategic plans for achieving them (Strategic Marketing Planning, n.d.). Tan and Ahmad (1991) throw light on the importance marketing intelligence on strategic marketing planning as marketing intelligence is scrutinized as a continuing process for gathering, analyzing, and disseminating considerable information to marketers for improving strategic marketing planning and execution.

Marketing intelligence is one of the key driving forces for achieving success and meeting strategic objectives (Lackman, Saban, & Lanasa, 2000). Furthermore, strategic marketing incorporates marketing intelligence activities, which are associated with extensive scenario development and better visioning for marketers (Wright, 2005). Caudron (1994) demonstrates that marketing intelligence performs four key purposes.

- Assessing and tracking competitors
- Exploiting opportunities and minimizing threats
- Providing support for strategic decision making
- Providing support for strategic marketing planning

2.2 Marketing Intelligence, SWOT Analysis, & Strategic Planning

Marketers use marketing intelligence for gathering and evaluating internal and external data during processing phase, which at later stage used for evaluation through a management tool “SWOT Analysis” (Tan & Ahmad, 1999). Whilst, SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats) is a strategic evaluation tool which marketers use for assessing organizational strategic position. The main purpose of SWOT is to provide meaningful insights to marketers about organizational key competencies after evaluating data gathered through marketing intelligence and to enable them in making best use of that data in utilizing opportunities, linking those with organization’s strengths, identifying major threats, and minimizing weaknesses (Nasri, 2011). Glaister and Falshaw (1999) argue that SWOT analysis is a valuable

and prevalent tool in strategic marketing planning. SWOT analysis acts as an intermediary between marketing intelligence and strategic planning and helps in choosing strategies among alternatives (Barney, 1996). Bose (2008) agrees that marketing intelligence provides inputs to SWOT which are analyzed and applied to strategic decision making. Hence, SWOT acts as a medium for associating qualitative and quantitative aspect of decisions and improving the process of strategic marketing planning (Curry, 1996).

2.3 Problem Identification

Despite of the importance of marketing intelligence in strategic marketing planning, studies provide evidence that challenges lay within the intermediary process of inputs provided by marketing intelligence into SWOT framework (Novicevic, Harvey, Autry, & Bond III, 2004) which is the main reason for marketing intelligence's unsuccessful and inefficient implementation (Marketing Intelligence Hub, n.d.). Most of the organizations get success in putting marketing intelligence process into practice, but they lack the process for spotting major strategic issues (Marketing Intelligence, n.d.). In other words, organizations show vexation to build a systematic and functional marketing intelligence process in order to efficiently and effectively utilize intelligence; leading to underprivileged decision making (Nasri, 2011). Lackman *et al.* (2000) argue that SWOT framework is unable to provide an accurate direction for marketing strategy if not appropriately synthesized. Furthermore, many researches illustrate that the consequences of SWOT are least impactful, imprecise, and unverified if inadequately structured (Hill & Westbrook, 1997; Wheelan & Hunger, 1998).

Finnegan (2010) reported that, a survey of more than 100 managers revealed significant mistrust about the method. Menon, Bharadwaj, Adidam, and Edison (1999) in their study found that, in an interview with 212 executives of Fortune 1000 companies, SWOT analysis harms performance. As it's random, relies on subjective perception, evades quantification, and lacks prognostic power (Agarwal, Grassl, & Pahl, 2012). Moreover, SWOT lacks straightforward methodology for identifying strengths and weaknesses (Coman & Ronen, 2009). Having considered all the weaknesses of SWOT analysis, the one above all is it being; atheoretic, without any concrete theoretical support for its validation as a reliable practice (Helms & Nikson, 2010). Partially, as it's just a snapshot of the developments occurring at a certain and specific time. Hence, organizations necessitate constant monitoring of external factors which exist in the organization's industry and operational environment so as to optimize market opportunities and to diminish threats for their survival in the competitive environment (Pearce & Robinson, 2005). To conclude, since constant environmental changes take place and the need of new strategies is also there; regular update of SWOT is eminent. Moreover, this may have detrimental consequences on strategic marketing planning since the risks of biasness and inaccuracy increase if SWOT's not properly evaluated.

2.4 Problem Statement

This research investigates and analyzes the importance of pre-job evaluation of SWOT analysis on strategic marketing planning in telecommunication sector of Pakistan.

2.5 Pre-Job Evaluation

Nevertheless, the fundamental instinct behind SWOT analysis appears to be sound. Keeping into consideration the imperfection and ineffectiveness of SWOT analysis, there is an intense need for evaluating SWOT analysis on certain parameters in order to yield best upshots of the overall process. Marketers need to set certain benchmarks on which to identify and evaluate various aspects of SWOT analysis. For this purpose, internal and external factors are evaluated in order to identify significant components of SWOT list. Coman and Ronen (2009) put forward the following criteria for evaluating internal and external factors *i.e.* the components in the list should be concise, actionable, and significant; having considerable impact organization's value. Extending this idea it is suggested that marketers must include those components in

SWOT list, which are of utmost importance, and eliminate components having negligible importance.

Subsequently, gradations and comparisons take place. Agarwal, Grassl, & Pahl (2012) evidently suggest the gradation and comparative evaluations of judgments to be more systematic, include quantification, and retain predictive powers; than classifying either as weaknesses or strengths only. Chang and Huang (2006) argue that quantified SWOT analysis improves the overall process, hence, plays a significant role in strategic marketing planning. Dawes (2008) suggests that items asked on five-point scale leads to maximum reliability and effectiveness, hence, enhancing the effectiveness of SWOT analysis. The components should be ranked on five-point scale, and given weights on their degree of priority. Subsequently, the components are compared according to their relative importance/priority and listed accordingly.

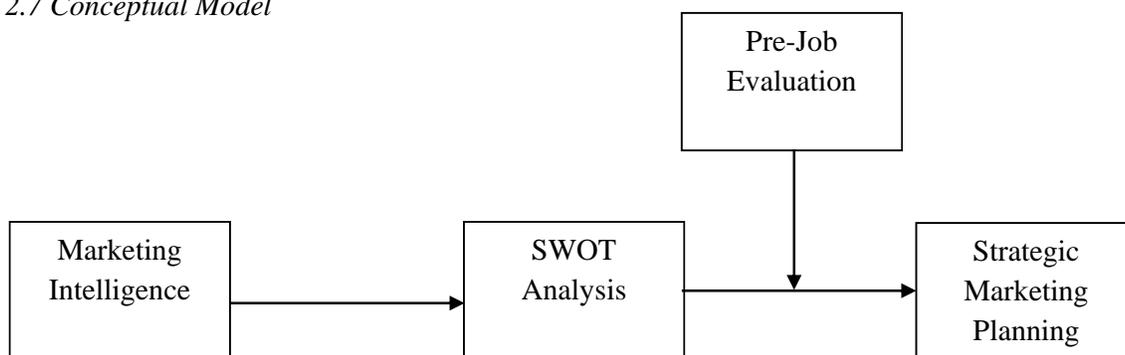
Once SWOT analysis is synthesized based on quantitative measures of components; next, a list of competitors is generated; internal and external factors are then compared with that of competitors on five-point scale, and then strengths and weaknesses are scrutinized to exploit potential opportunities and to minimize threats. Moreover, quantification of components of SWOT analysis and their comparisons compel decision makers to consider situation more precisely and to analyze it in more depth (Kangas, Pesonen, Kurttila, & Kajanus, 2001). In summation, pre-job evaluation enhances the overall performance and effectiveness of SWOT analysis and plays a significant role in effective strategic marketing planning.

2.6 Research Question

RQ1. Does the pre-job SWOT analysis require proper scrutiny and evaluation?

RQ2. Can the credibility and effectiveness of SWOT analysis be improved with evaluation techniques and practices?

2.7 Conceptual Model



2.8 Hypothesis:

Following hypothesis as extracted out of the model suggested:

H1. Effectiveness of SWOT analysis is considered limited without proper evaluation in pre-strategic marketing planning stage

H2. Pre-job evaluation of SWOT analysis is eminent for efficient strategic marketing planning

DISCUSSIONS AND RECOMMENDATIONS

As discussed in the literature review, marketing intelligence is a prevalent tool which marketers use for remaining up-to-date with what's happening in the marketplace so as to stay up on the competition. Marketing intelligence has its shallow roots in this era of globalization. Now-a-days organizations are facing fierce competition, because of changing landscape of marketing environment and technological advancement. This has given a push to organizations for being regularly engaged in marketing intelligence.

Effective market intelligence process consists of all those activities which not only provide relevant, accurately, and timely information to marketers, but also includes effective and significant dimensions of organization's internal resources and matching those with that of external factors in order to take advantage of such moves that have never been undertaken by competitors.

The literature has supported the immense importance of marketing intelligence process for strategic marketing planning using SWOT analysis. Thus far there a few drawback in it which hinders the overall performance of organizations and results in poor strategic marketing planning. As discussed above, SWOT relies on subjective perceptions, avoids quantification, and lacks predictive powers. The analysis is based on individuals' instincts on the basis of which they formulate strategies. SWOT analysis only categorized the strengths, weaknesses, opportunities, and threats of organizations. Now it's marketers' call, what understanding they get of the available data and basing that for marketing planning. The author notes the various critical issues of SWOT analysis as discussed above and seeks ways to meet them head on. The said model depicts a sense of curiosity to evaluate the impact of pre-job evaluation on effective strategic marketing planning.

While pre-job evaluation is an activity prior to strategy formulation, which author has suggested for assessing the effectiveness of SWOT analysis. However, there are no tools for validating the effectiveness and usability of SWOT analysis. Hence, in order to head on the critical issues that have been addressed by many researchers, it is needed for marketers to validate SWOT analysis. It includes identification of essential factors (internal and external), prioritization of them because of their effectiveness and given grades, and ultimately comparisons with each other and with that of competitors. No doubt, SWOT still remains subjective in nature and dependents on individual's intuitions and judgments yet. However, the author in the light of literature provides evidence that practicing pre-job evaluation enhances the effectiveness and usefulness of SWOT analysis since marketers can have broader impression of the overall scenario.

For enhancing effectiveness of SWOT analysis, organizations should set up different board meetings and quality assurance cells. Moreover, scenario modeling must be gone through *i.e.* for every scenario there should be different SWOT analysis; project/issue teams accordingly; providing systematic assistance from the need identification to formulation and implementation of strategic marketing planning. The author identifies several managerial implications:

- This conceptual paper provides insights to marketing managers about the importance of marketing intelligence on effective strategic marketing planning.
- Moreover, the paper throws light on the pre-job evaluation as a value added activity for marketing managers for assessing the effectiveness of SWOT analysis.

CONCLUDING REMARKS AND DIRECTIONS FOR FUTURE RESEARCH

Conclusively, organizations are head to head with worst competition every day. For organizations to compete with each other, they necessitate the formulation of effective strategic marketing planning through successful marketing intelligence process. Furthermore, pre-job evaluation appears to be value added and useful activity for assessing SWOT analysis and overall marketing intelligence process; ultimately resulting in effecting strategic marketing planning. Since the current study is a conceptual paper, future studies therefore may extend the body of knowledge by empirically testing the model, which may contribute additional insights to this study.

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