BUSINESS SITUATION ANALYSIS

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FOR ANALYZING THE SITUATION IT NECESSARY TO IDENTIFY MAJOUR…

- Strength
- Weaknesses
- Opportunities
- threats

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BCG GROWTH-SHARE MATRIX

Company's Relative Market Share / Industry Growth	HIGH	LOW
HIGH	STARS	QUESTION MARKS
LOW	CASH COWS	DOGS

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BCG MATRIX

- **Stars :-** Stars are net users of resources. Needs a good deal of investment support as it operates in a high-growth rate market. No immediate profits- but hold out great potential for the future.
- **Question Marks :-** Net users of resources.- But future is uncertain- high risk category.
- **Cash cows :-** Net generator of resources – brings a lot of cash to the company-does not need heavy investments since expansion possibility is minimal.
- **Dogs** :- Businesses with weak market shares in low-growth markets, generally a drag on a company and its resources. They are actually CASH TRAPS

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BCG MATRIX

- Managers should “milk” cash cows for as much as they can. Limit any new investment in them and use the large amount of cash generated generated to invest in stars and question marks with strong potential to improve the market share.
- The stars will eventually develop into cash cows as their market matures and sales growth slows.
- The hardest decision for managers for Question Marks. After careful analysis, some will be sold and some will be turned into stars
- Dogs should be sold off or liquidated

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SITUATION ANALYSIS

- Cooperative environment
- Competitive environment
- The economic environment
- The social environment
- The political environment
- The legal environment

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CREATING OBJECTIVES

- This involves communicating companies objectives,which are the combination of what is expected by of the company by its share holders or directors,and an evaluation of the options emerging out.

GROWTH OBJECTIVES

- **here the company is attempting to expaand by adopting a specific strategy from those of penetration,market development, product development, and diversification.**

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- Penetrating the market
- Market development : Mc donalds at airport,office building..
- Product development: new product devlpmt is the advent of factory outlets shoppingcenters
- Diversification:Virgin into airline business, marks and spencer into food.

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COMPETITIVE ADVANTAGE

- A competitive advantage is a position of superiority on the part of the firm in some function /factor/ activity/ in relation to its competition. It is this superiority that enables the firm to survive, grow and excel in a competitive market.
- The superiority can be in any function such as manufacturing, marketing, finance, HRM, or a combination.Intellectual property, knowledge, or any factor of production can give a competitive advantage.
- Thus competitive advantage is a superior position relative to competition.

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- COST LEADERSHIP
  - Differentiation
  - Focus

Strong customer loyality,good location, technological superiority, low cost efficiencies .

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MARKET SEGMENTATION.

- **Four Levels of Market Segmentation :-**

  Mass Marketing – mass production, mass distribution and mass promotion of one product for all buyers.

1. **Segment Marketing –** A market segment consists of a large identifiable group within the market. In Segment marketing, companies recognises that buyers differ in their wants, purchasing power, geographical locations, buying attitudes, and buying habits

2. **Niche Marketing –** A Niche is a more narrowly defined group, typically a small market whose needs are not being well served.Marketers usually identify niches by dividing a segment into subsegmentsor by defining defining a group with a distinctive set of traits who may seek a special combination of benifits

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3. **Local Marketing** – Target marketing is increasingly taking on the character of regional and local marketing with marketing programs being tailored to the needs and wants of local customer groups (trading areas, neighbourhoods, and even individual stores.

4. **Individual Marketing** – The Ultimate level of segmentation leads to “segment of one”, “customized marketing” or “one to one marketing”.

Mass Customisation – is the ability to prepare on a mass basis individually designed products and communications to meet each customer’s requirements.

Self Marketing – A form of individual marketing in which the individual customer takes more responsibility for determining which products and brands to buy.

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- **BASIS OF SEGMENTATION**
- **Geographical segmentation**

  Climatic Zones, region, state, Urban, Rural etc
- **Demographic segmentation**

  Age, Gender, family size, community, religion, Income/ Purchasing capacity, Social class etc.
- **Psychographics**

  Lifestyle, Personality etc.
- **Behavioral Segmentation**

  Occations, Benefits,Volume of purchase, user status, Usage rate, Loyalty Status etc.

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- Attitude ; towards pdt area, brand..
- Benefits ; utility, luxury, economy, convenience..

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POSITIONING

- Some principles of Positioning
- It is better to be the first than to be the late.
- In case not the first, then the company should be able to create a new category by making even a small change in the marketing-mix.
- It is important to understand the position and strategies of the competitors.
- Positioning using an easy to remember name is very important.

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