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SWOT in Marketing: When David turns out to be Goliath… and vice versa

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Abstract:
The tool SWOT-analysis is introduced and discussed as being one element of the overall Marketing Plan. The companies "Fisherman's Friend" and the "Smart Micro Compact Car GmbH" are used as an illustration of a more or less successful application of SWOT in practice. The paper stresses the need for a deliberate handling of the tool, as well as a careful consideration and determination on Critical Factors for Success. It is argued that this provides the basis for successful action on the market itself, but it is also questioned if an identified `Strength´ out of an analysis is always suitable and applicable for marketing purposes. Main criticism, but also suggestions to increase the value of the SWOT- analysis are outlined and related to the illustrated examples.

KeyWords:
Marketing Planning Process, SWOT-analysis, Smart, Daimler-Chrysler, Fisherman's Friend, Lofthouse, Market Communication

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1. Introduction

"Ex umbris et imaginibus in veritatem"

(From shadows and imagination to the truth)

John Henry Newman

The aim of a marketing strategy is to target potential customers with the most benefits to an organisation (Dibb [et al], 1997). In order to develop an adequate marketing strategy an organisation has to undertake a series of activities – called the marketing planning process. This process leads automatically to a strategic marketing plan, which should finally in brief outline an organisation's current position, where it wants to go (objectives) and what strategies should be used to achieve this (McDonald, 2007; Kotler, 1994). Within the marketing planning process the organisation defines its corporate objectives, re-views all internal and external factors that affected the performance of the organisation in the past (marketing audit) and also prepares a detailed market overview. All these information are the basic approach for undertaking a SWOT-analysis which is also part of the planning process and finally appears in the strategic marketing plan (McDonald, 2007).

The SWOT-analysis is enriched by findings from the product-life-cycle analysis and the BCG-portfolio-matrix. Both tools provide some of the most valuable information about the business outlook of key products (McDonald, 2007). The BCG-portfolio-matrix for instance displays three fundamental dimensions of a product's strategic position within a market, i.e. market growth, relative market share and the value of product sales (McNamee, 1985) which Dibb [et al] (1997) identified as key-factors influencing strategic decisions. The SWOT-analysis itself is also strongly connected to the Ansoff-generic-option-matrix, which identifies corporate growth opportunities on two dimensions – product and market. Findings of the SWOT-analysis should be able to indicate a particular strategy, i.e. market penetration, market-/ product development or diversification (Doole and Lowe, 2004; ten Have [et al], 2003), and eventually lead to objective settings (McDonald, 2007).

In consequence, it can be said that many different factors and steps have to be considered while developing a marketing strategy, but especially the SWOT-analysis seems to play an important role, because gathered information from various sources are combined within the tool – and the generated findings have eventually an influence on an organisation's decisions.
But… what is the tool about and are findings and generated information always "correct"? Moreover, is e.g. any identified `Strength´ suitable and applicable for the development and implementation of a successful marketing strategy? To answer this it is necessary to have a closer look at the tool first and to get to know what S-W-O-T really means.

2. The tool "SWOT"

The connection between organizational purpose and possible actions was first identified by Prof. Kenneth Andrews. He emphasized that rational analysis of options is an essential part in identifying competitive advantage and developing strategy. Accordingly, this is a useful starting point to concentrate on the S-strength and W-weaknesses of a company and to point out possible O-opportunities and T-threats (Lynch, 2006) in order to highlight its current position on the market, i.e. a situational analysis (ten Have [et al], 2003; Dibb [et al], 1997). Gilligan and Wilson (2003) mentioned it is nowadays "one of the best-known and most frequently used tools within the marketing planning process" (*ibid*:88) and cannot be ignored (Mercer, 1998). Moreover, the tool is easy understandable, helpful in sorting out ideas, gives assistance in understanding the complexity of the planning processes (concerning the mixture of quantitative and qualitative data) and a pay-off can truly be realized – without a computer (Piercy, 2002).

The SWOT-analysis combines internal and external factors and can therefore be seen as two different analyses (Mercer, 1998). \`Strengths´ and \`Weaknesses´ are internal factors, i.e. a resource-based analysis (Lynch, 2006) regarding to possible value creating skills/ assets or vice versa a lack of them (ten Have [et al], 2003). Strengths are the basis for competitive advantage if they are well managed and relative to the competition; (Gilligan and Wilson, 2003) such as market dominance, management skills and financial/ cash resources or a combination of more factors (Lynch, 2006). Weaknesses therefore describe a disadvantage and indicate areas or strategies that should be avoided, but also sectors that should be improved (Gilligan and Wilson, 2003) e.g. low quality and reputation, high dependence on few products, an old plant/ machinery or a combination of issues as well (Lynch, 2006). Consequently strengths and weaknesses are controllable by an organisation itself - it can re-act within its own structures (Ambrosini [et al], 1998) to solve the problem or to use an advantage more forceful.

\`Opportunities´ and \`Threats´ are external elements, i.e. an environment-based analysis (Lynch, 2006: Kotler, 1994) addressing issues that have emerged or will emerge as a result of dynamics within a market. They are not created by an organisation itself (ten Have [et al], 2003). Opportunities are environmental trends with a positive outcome "that offer scope for higher levels of performance", (Gilligan and Wilson, 2003:88) e.g. new market segments, competitor weakness, social change or market-growth (Lynch, 2006). On the contrary threats can have a negative impact on an organisation, e.g. a change that increases risk or implementation of a strategy (Gilligan and Wilson, 2003) – because of new market entrants, lower market-growth or new barriers to trade (Lynch, 2006). In addition increased pressure from customers and/ or suppliers can mark a threat to an organisation (Montgomery and Porter, 1979; McNamee, 1985). As a consequence opportunities and threats are uncontrollable – they `simply´ occur, but an organisation must be able to address these issues quickly and adequately at any time. "It should use strengths to exploit opportunities while minimizing threats and weaknesses" (McDonald, 2007:307).

Ten Have [et al] (2003) demonstrated a classification of opportunities and threats "according to their potential impact and actual probability" (*ibid*:187). (Figure 1)

	Strengths (S)	Weaknesses (W)
Opportunities (O)	SO Strategies *Use strengths to take advantage of opportunities*	WO Strategies *Take advantage of opportunities by overcoming weaknesses or marking them relevant*
Threats (T)	ST Strategies *Use strengths to avoid threats*	WT Strategies *Minimize weaknesses and avoid threats*

<u>Figure 1:</u> **Ten Have [et al] 2003, page 187**

SO-strategies recommend concentrating on businesses where the organisation is already good at, whereas WT-strategies point out businesses an organisation should avoid, because of a lack of competences. ST-strategies are often a buy out of trouble, e.g. takeovers. WO-strategies are more complex, if an organisation goes for an opportunity it might have to buy or borrow required strengths (ten Have [et al], 2003).

Gilligan and Wilson (2003) argued the SWOT-analysis is designed to separate meaningful data from minor interesting and to discover possible actions in order to play out distinctive advantages now and in future. Therefore the analysis should be focussed on key-points which emerged out of the marketing audit (McDonald, 2007) in order to give the strategic planner useful insights (Mercer, 1998). An analysis should be undertaken for each segment separately and furthermore provide strong evidence about possible/ impossible movements and achievable/ non-achievable marketing objectives – with a clear understanding of the main trust, so that everyone is able to work with it (McDonald, 2007). Identified opportunities have to match to e.g. the organisations´ resources, expectations of shareholders and cultural issues as well. If an opportunity meets these factors a figure should be used to illustrate the probability of success and the attractiveness (Gilligan and Wilson, 2003) which indicates possible strategies. (Figure 2)

	PROBABILITY OF SUCCESS HIGH	LOW
ATTRACTIVENESS HIGH	*Consists opportunities offering the greatest scope and management should focus upon these*	*Opportunities offer certain attractions and management should examine these closer to see whether scope exists from improving their profitability of success*
ATTRACTIVENESS LOW	*Opportunities offer certain attractions and management should examine these closer to see whether scope exists from improving their attractiveness*	*Represents those opportunities that are either too small or the organisation is unlikely to be able to exploit effectively*

Figure 2: **Gilligan and Wilson (2003), page 89**

In supplement a "threats matrix" should also be designed regarding to "seriousness" and "probability of occurrence". It identifies serious threats with high probabilities (which have to be observed concerning their development and then finally coped with), minor threats (can be largely ignored) or issues that have to be closely monitored in case they become critical (Gilligan and Wilson, 2003). Furthermore a ranking to determine the importance of marked options is crucial in the further process of the analysis, i.e. a classification of strengths and weaknesses in fundamental, marginal or neutral (Gilligan and Wilson, 2003) and also a weighting regarding to the critical factors of success, e.g. performance of an organisation (McDonald, 2007) in order to get an overview of required actions. (Figure 3)

	PERFORMANCE LOW	HIGH
HIGH IMPORTANCE	*The focus for greater managerial effort in order to improve performance*	*Continue with the current effort to ensure that performance does not decline*
LOW	*Areas of low priority*	*Re-think the current effort. Is it worth spending in these areas?*

Figure 3: **Gilligan and Wilson (2003), page 94**

A weighting of options can also help to identify the most critical environmental changes (Ambrosini [et al], 1998). If a ranking is done properly three different types of possible strategies could be tested – i.e. matching strategy (a strength must meet an opportunity to have strategic value), conversion strategy (change weakness to strength and threat to opportunity) or creative strategy (further development of the business due to newly generated ideas) (Piercy, 2002). The summarised and analysed information will give guidance concerning each segment's objectives and strategies which finally have to be considered in the overall planning process (McDonald, 2007). In consequence an organisation achieves knowledge about its capabilities and areas are highlighted where it should confront competition (Montgomery and Porter, 1979). But abilities of main competitors should be considered in the process as well (McDonald, 2007). A SWOT- analysis should be a well explained and detailed interesting read with a length of not more than two pages – if it is well done it will help an organisation to address the really important issues in future (McDonald, 2007).

3. Main characters and the SWOT analysis

The main characters in the discussion about the tool and its findings are the "Micro Compact Car GmbH" [from now on called Smart] and "Lofthouse of Fleetwood – Fisherman´s Friend" [from now on called Lofthouse or FF]. Both companies have been performing very differently – from an unequal starting point as well.

Smart

Nicolas G. Hayek who founded Swatch out of two insolvent Suisse watchmakers (Gilligan and Wilson, 2003) had the idea of a very small car that is easy to park, especially in city centres. In 1993 he teamed up with Mercedes-Benz and eventually they established the joint-venture “Micro Compact Car GmbH” in 1994 (Smart, 2007); - “Smart” (S-Swatch, M-Mercedes and ART) was born. Due to heavy losses and an investment well above Hayek´s expectations (about € 1.23 billion) he sold his shares to the [then] Daimler-Benz AG in November 1998. Smart´s headquarter is in Böblingen, Germany; the production plant “Smartville” in Hambach, France (v.Hoek and Harrison, 2001). In October 1998 Smart finally launched the “ForTwo” (Smart, 2007). Since its foundation Smart has been struggling and has reported massive losses (Market Line, 2006).

Figure 4: ***Source*: *see Appendix***

Fisherman’s Friend (FF)

In 1865 James Lofthouse (a pharmacist from Fleetwood) created a very strong liquid containing menthol and eucalyptus which he formed into small lozenges. He predominantly sold them to the local fishermen who soon started calling them “friends” and eventually gave the company its name – Fisherman’s Friend (Fishermansfriend, 2007a).

In 1963 Doreen Lofthouse joined the company and started expanding the product, firstly throughout Lancashire and Yorkshire, later England and beyond (Doole and Lowe, 2004). In 1972 a new production plant was opened to deal with all orders received. Today eleven different flavours of FF are available in 120 countries around the world accounting for 4 billion packs sold per year (Fishermansfriend, 2007b). Since 1963 Lofthouse has been growing and has reported profits (Market Line, 2007).

Figure 5: **Fishermansfriend (2007)**

4. Challenging the tool

To challenge the tool, the author will emphasize three particular areas. The illustrated information and events within the following subsections are designed to display important aspects which have an impact on an appropriate evaluation of the findings generated, and in consequence on the value of the tool itself.

4.1. Smartville

There was a time full of interdepartmental rivalries, territorialism, poor communication and "a widespread tendency to blame somebody else for everything that went wrong" (Blackwell [et al], 1993:4) at the Ford-Motor-Company, because every function was self-contained. Everything changed with the "Taurus-Team" because people of every department were involved to develop a new car – and they acted as a team. The result was a car with a phenomenal success – the Ford Taurus (Blackwell [et al], 1993). Smart acts as a team as well, especially at Smartville, the heart of the Smart-company. Suppliers are deeply involved in the development- and planning-process of the car; the seven main suppliers are integrated in the assembly hall and account for 70-80% of the volume of the finished product. Contracts with suppliers last about the entire product-life-cycle (v.Hoek and Harrison, 2001). The plant itself is laid out as a cross, e.g. to guarantee flexibility, just-in-time operation, short-supply lead-times, low transport- and production costs and to permit frequent delivery at any point within the plant. Additionally sub-sections can work independently in order to avoid system interruptions, e.g. due to a malfunction (v.Hoek and Harrison, 2001). (Figure 6)

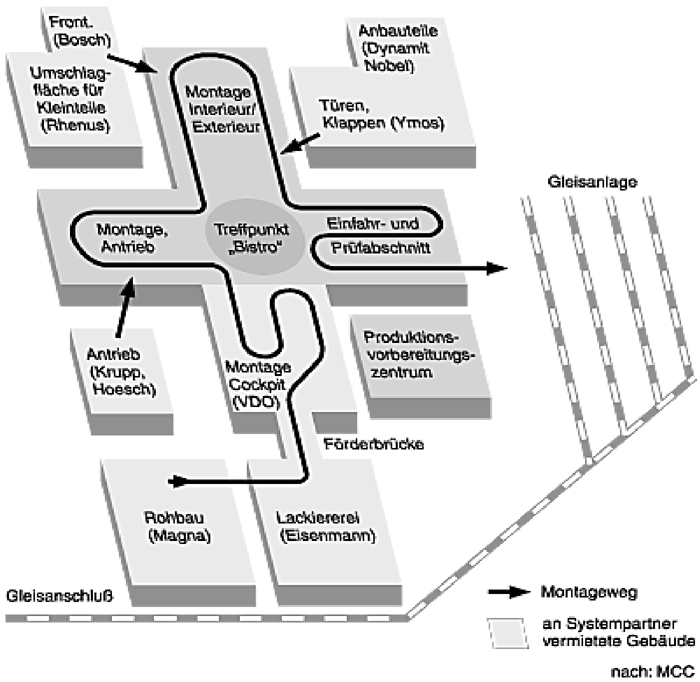


Figure 6: **"Smartville" – Block and Greif (2007)**

The "ForTwo" is manufactured out of 40-50modules and it takes 4.5 hours to produce one car, i.e. "far less than in any other factory in the world" (v.Hoek and Harrison, 2001:320). Theoretically 200,000 cars could be produced per year. Moreover, the modular-system allows engineers to renew the car completely or extend the product line within a short period of time, because all body-parts (e.g. doors, rear-panels etc.) are changeable on the basis-frame. Eventually customers have a high level of choice to renew/ upgrade their car during its lifetime, e.g. to switch from a red to a blue one (v.Hoek and Harrison, 2001). Winners of this concept are e.g. the environment (the car is fully recyclable) and technology. Smart´s "single-stage-sales-concept" allows operating on point-of-sale data, i.e. orders from Smart-Centres are directly forwarded to Smartville and the manufactured car will be automatically delivered. As a consequence, dealers or import organisations are not needed anymore, i.e. a save of time/ money (v.Hoek and Harrison, 2001).

The "project" Smart is closely watched from suppliers and leading car-manufacturers regarding to its successes and failures. Smartville and the distribution system are considered as key importance for the development of the car-industry, because "the results will in future influence organisation of many other supply chains" (v.Hoek and Harrison, 2001:316). In consequence, it can be argued that the logistical concepts and individual operations at Smartville, as well as the characterisation of the car itself can be seen as a `Strength´ of the Smart Company.

4.2. “Smart facts”

First of all Daimler-Chrysler reported a €505m. loss of the Mercedes-division in 2005 (for the first time in more than a decade) – because of the `Smart unit´ which belongs to it (Power, 2006). Since Smart was launched 700,000 units have been sold in 36 countries by October 2007 (Miller, 2007) – a number well behind expectations. Worst of all, Smart has not been able to achieve Break-even so far. In 2006 Daimler-Chrysler announced to spend another €1bn. in order to push Smart to Break-even-status in 2007 – as a result the `ForFour´ was eliminated; fix costs were reduced by 26% (Rauwald and Power, 2006) and 300 jobs were cut in Böblingen (Power, 2006). Shareholders protested against Daimler’s decision and (once again) called for a complete closure of the Smart unit. Mr. Zetsche [Chief Executive of Daimler-Chrysler] defended the decision, asked for patience and emphasized again the “great product with excellent value for money” (Rauwald and Power, 2006:A10). By contrast Smart had to recall 58,000 out of 202,000 cars that had been manufactured between 1998 and 2000 because of a defect in the front axle (Anonymous, 2005a).

Besides Smartville, Smart also designed a new way of marketing its product. The showrooms are glass-towers and smaller satellites in Germany are e.g. located in department stores, supermarkets and even in a McDonald´s restaurant. (v. Hoek and Harrison, 2001). When Smart was launched in 1998 advertisement campaigns were neither big nor successful enough to create awareness to this particular type of car – obviously a failure. On the contrary when Daimler-Chrysler launched the Mercedes A-Class massive campaigns were started to get people accustomed to the new design and idea – and consequently the car was (and still is) a phenomenal success (Haig, 2004).

Daimler-Chrysler still sees an opportunity to make Smart more successful, i.e. a new market – and finally Smart is going to the US. Though a distribution agreement with United Auto was achieved (Anonymous, 2006) and most of the dealers will be ready (45 out of 60 to 70) for a start in the first quarter of 2008 (Kosdrosky, 2007), Smart does not have an US agency promoting the car – it relies completely on road-shows and its web-site to attract potential customers (the target group is a `youthful fun-personality´ e.g. college-students) and on the new environmental awareness in the US (Halliday, 2007). Smart got the US Environmental Protection Agency Award 2006 in advance (Market Line, 2005). According to Miller (2007) 30,000 reservations have been made so far.

Critics argue that Smart might end up in the US as it did in Canada. The car was launched in September 2004 and (similar to Europe) fan-clubs were built very quickly, but… overall the car has the status of a lawnmower and "is fun in a day-at-the-go-karts kind of way" (Gerlsbeck, 2005:71). Mr. Schembri [President of Smart USA] admitted that it would be a marketing challenge to sensitise customers because a micro-car has never been introduced to the US-market (Halliday, 2007). Additional criticism arises about the price – slightly under $12.000 for the basis model and around $16.500 for the economic vehicle. Smart would be still too expensive to compete with the Toyota Echo-Hatchback and Hyundai Accent (Gerlsbeck, 2005: Kosdrosky, 2007) and could even give the BMW Mini a sales jump (Miller, 2007).

In consequence, it can be argued that Smart has an `image problem´ which can be seen as a `Weakness´ of and `Threat´ to the company. In addition, though marketing activities seem to be quite distinctive – if compared with those from other car manufactures – it can be said that they do not communicate the overall message of the company adequately. Supportively, it could not be identified that the full potential of various marketing communication tools available is used appropriately, which can also be evaluated as a `Weakness´.

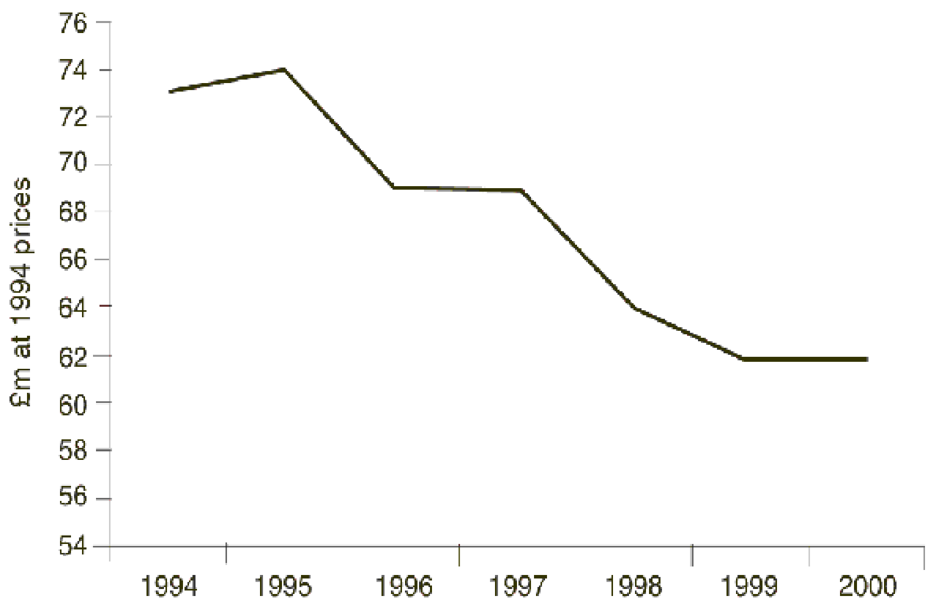
4.3. Marketing "Cult"

Opposite Smart there is Fisherman´s Friend – the fastest growing confectionary brand in the 1980´s (sales increased between 1976 and 1989 by around 2000%) who has achieved "cult-status" in some countries (Anonymous, 1995). In 1992 FF had about 6.8 % market share and successfully managed the huge difference between their home and export market (Darwent, 1992) – the world saw the lozenges as confectionary; the UK as a `pharmaceutical´(Wheatley, 1995; Darwent, 1992).

Lofthouse constructed an efficient distribution system. The whole exports function was in hands of local experienced consumer goods managers who positioned the brand individually for their market and relied on their own distribution channels. As a result FF was very close to the consumer. Additionally Lofthouse offered long term contracts and higher-than-normal profit margins (Wheatley, 1995). Lofthouse used a model that worked well in the past. When Microsoft went to Europe in 1985 it relied also on local experts in the UK, Germany and France – showing awareness and sensibility to national differences. The McVitie Group (a division of United Biscuits) used this method successfully, too (Wheatley, 1995).

Furthermore FF developed an impressive and distinctive ability to talk to its customers. Lofthouse signed a contract with Carat (who managed the German market successfully) for an overall marketing strategy (Anonymous, 1994) to attract a younger target group (between 23-35 years) on the continental market in order to boost sales (Murray, 1996; Anonymous, 1995). The "It´s a bit strong"- campaign emphasized sexual allure – it was simply provocative and set an unintentional link to the product's original market. The ads took place e.g. in a body-piercing-studio, in a Soho Peep-Show, and also in a telephone-box where a prostitute left her calling card (Murray, 1996). The adverts were a complete success for Lofthouse and Ms. Shute who created the campaign was finally honoured. (Anonymous, 1995).

Lofthouse has never lost its ability to communicate with its customers – what finally played an essential role in overcoming the crisis that occurred in the mid 1990´s. The medicated confectionary market in the UK declined by approximately 15% between 1994 and 2000 (Figure 7), consequently the number of distributors declined, too. FF sales (as well as of other competitors in the sector – except Soothers) declined rapidly (Figure 8) and market share went down to 3.84%. In addition companies from the `sugar confectionary-´ and `medicinal remedies market´ put pressure on the mediated confectionary market, too. Moreover, Lofthouse spent less on advertising than they did before (Mitchell and Barrington, 2003).



<u>Figure 7:</u> **Mitchell and Barrington (2003)**

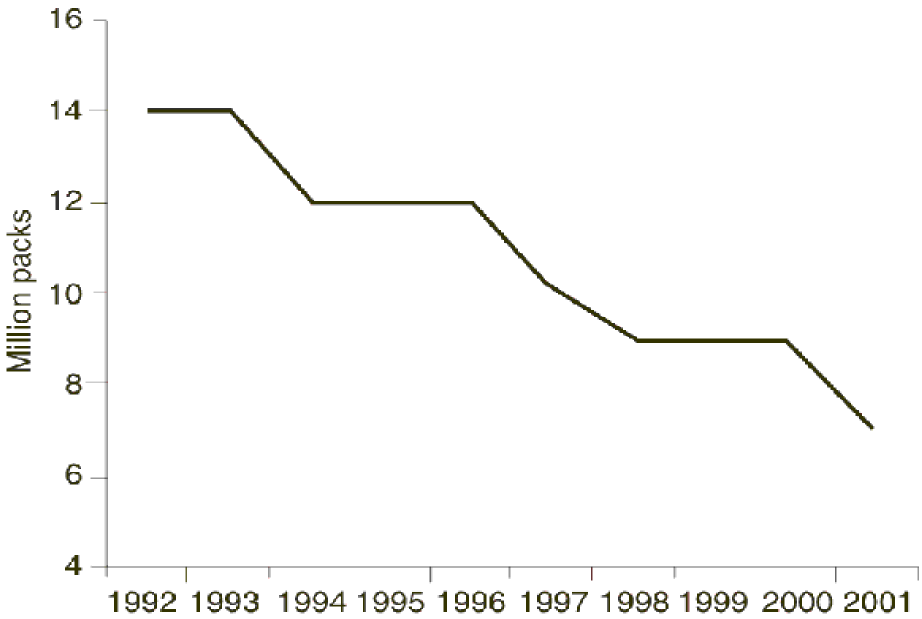


__Figure 8:__ **Mitchell and Barrington (2003)**

In 2000 Lofthouse teamed up with the agency Barrington Johnson Lorains who investigated the case FF and finally came up with a new campaign. The campaign aimed at men aged over 35 as well – with a strong focus on traditional heroes on high seas. "RelieFF from extreme conditions" was born (Mitchell and Barrington, 2003). (Figure 9)

__Figure 9:__ **Mitchell and Barrington (2003)**

The campaign focused on the effectiveness of FF and worked well - sales went up immediately. As a result Lofthouse reported an average 9% growth in sales annually, performed better than they had expected (Figure 10) and eventually market share rose to 4.24% (Mitchell and Barrington, 2003).

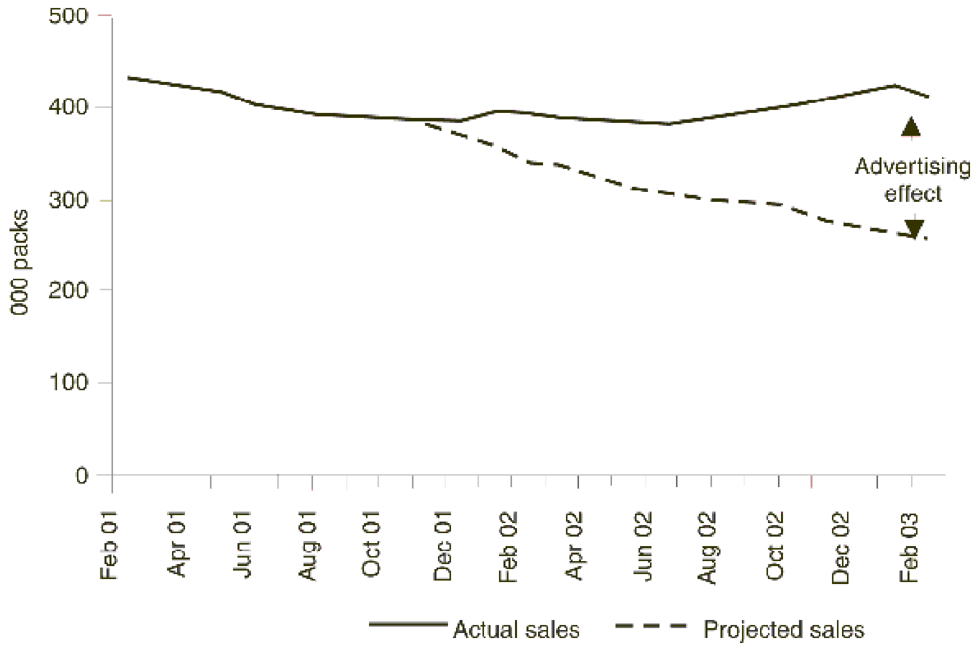


Figure 10: **Mitchell and Barrington (2003)**

Though the market was on a further decline and competitors lost ground (except Soothers) FF managed to address its target segment completely (Mitchell and Barrington, 2003) – an essential point to generate a successful advertisement campaign (Armstrong and Kotler, 2005). (Figure 11)

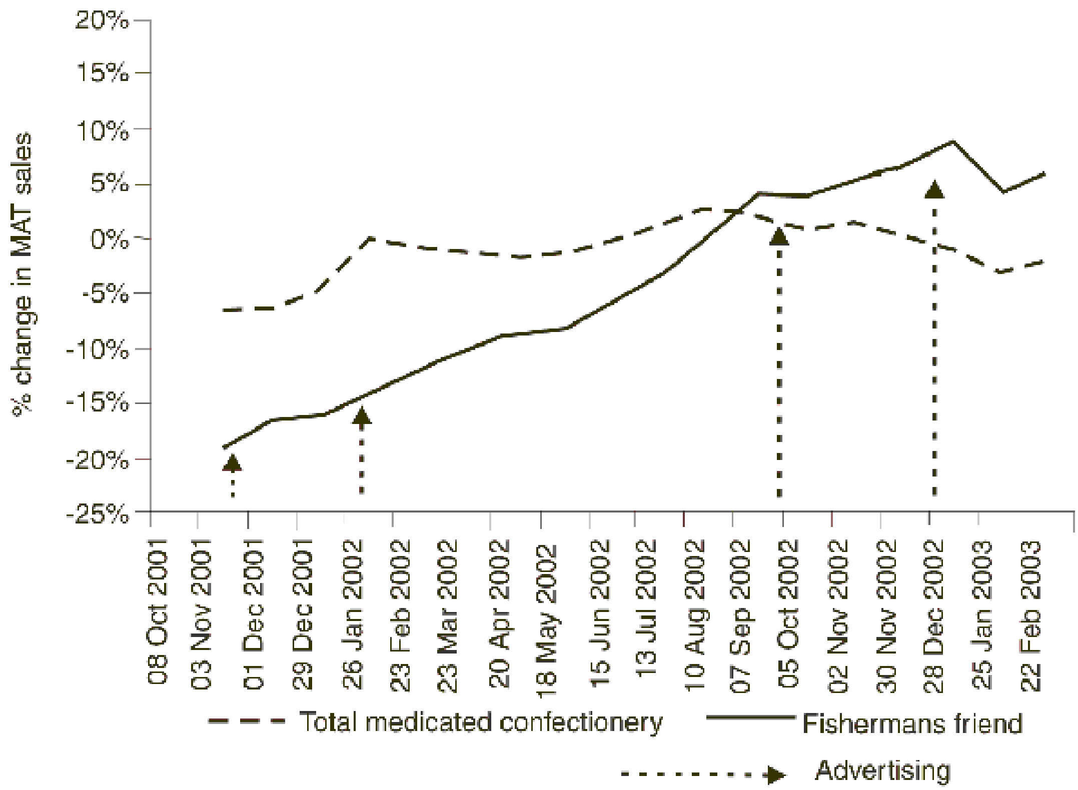


Figure 11: **Mitchell and Barrington (2003)**

Lofthouse agreed on an alliance with PEZ Candy Inc. in using the same distribution channels of Impex Management & Co. Ltd (Ryan and Baker, 1995: Anonymous, 2005b). PEZ and FF also launched several TV-advertisement- campaigns together (Anonymous, 2005b). FF is still very close to the consumer, e.g. adverts are particular created for each market (Doole and Lowe, 2004), it sponsors e.g. Student-UK, Eurosport and MTV (Market Line, 2007), introduced the "Strongman-Run" (a steeplechase only for the strongest!) and people can rank their favourite flavours on the internet-side (Fishermansfriend, 2007b). Furthermore it is possible to create one's own lozenge- pack in the internet (Fishermansfriend, 2007a) though they would never be changed (Mitchell and Barrington, 2003). In consequence, it can be argued that both, distribution system and market communication can be seen as `Strength´ of FF.

5. Critique of the SWOT- analysis

Executives should focus on key-points, but the analysis is often a pool of unrelated and irrelevant characteristics (McDonald, 2007), containing long lists of arguments instead of short and well explained points (Lynch, 2006) – consequently unfocused (Piercy, 2002: Kotler, 1977) and sometimes abused due to a lack of understanding (Mercer, 1998). A crucial point is that the SWOT-analysis should not focus on broader perspectives of an organisation, but on "marketing issues". Strengths and weaknesses should be seen in absolute terms rather than to the competition (Gilligan and Wilson, 2003), e.g. Smartville offers a huge amount of advantages and is obviously strength, but… strength can be "worthless" if it is not recognized and valued by the customer (Piercy, 2002) or wrongly interpreted.

Subjectivity of executives can distort the results of an analysis as well (Ambrosini [et al], 1998). The assumption to have done a `correct´ analysis, because "all" issues are considered, is one of the biggest mistakes – in fact it shows a disparity between real thoughts and strategic judgements, i.e. a lack of understanding what is truly important for the organisation (Lynch, 2006), e.g. over-abbreviation of particular items (McDonald, 2007). Hard facts, capabilities and competences have to be taken into account and finally well properly served (Gilligan and Wilson, 2003) because a SWOT-analysis is far more complex than on the first sight (ten Have [et al], 2003).

The success of the Ford-Taurus was based on extensive researches (design, target group) (Blackwell [et al], 1993). Smart performed poorly regarding to these points. The "ForTwo" is not seen as a car everywhere and the aimed target group DINKies [Double Income No Kids] turned out to be too narrow (v.Hoek and Harrison, 2001). For this reason the "ForFour" and "Roadster" were developed (diversification), but soon abolished due to a lack of success. Smart has an image problem which can certainly be seen as a `Threat´ to the company, and it failed in researching – a fundamental weakness. A lack of in-depth-analysis can be seen as a barrier to successfully implement a marketing plan (McDonald, 1989). Christopher [et al] (1991) pointed out that customer expectation and perceived performance have to match, i.e. a `service quality index´ based on e.g. extensive researches.

Smart scores excellent concerning consumer satisfaction, because customers who already bought a Smart are considerably higher-than-average satisfied, but it still fails to transfer its message onto the market appropriately in order to gain more new customers. Fact is that existing customers are easier to influence (Doole and Lowe, 2004), but Smart was not able to find a relation to potential new customers in addressing psychological and social factors which influence a buyer´s decision (Kotler, 1994: Dibb [et al], 1997), e.g. people who buy a BMW are said to be wealthy and adrenalin-seeking (Haig, 2004).

Smart lacks practicing AIDA and cannot add values that persuade customers to buy (McDonald, 2007: Kotler, 1994). A surprising weakness because Daimler is prestigious, innovative (several advanced technologies were introduced) and able to transfer messages (A-Class); Chrysler is "pure emotion", customers are passionate and use words such as dreamlike, elegant and graceful (Haig, 2004). Brand image and the ability to target potential customers are major important key-factors (Ambrosini [et al], 1998) and eventually essential for survival.

The question arises if e.g. characterisations of Smartville can be used for marketing purposes in some way – and if so, how a message could be transferred onto the market, so that potential customers get convinced about the capabilities of the product and the company – and eventually feel attracted. Certainly, Smart's current marketing activities are to a large extent imaginative and different, but the company has never tried to place particular emphasise on its `distinctiveness´ in order to exploit its full potential – e.g. regarding the technological developments and achievements, <u>and</u> the individual characteristics of the car. One might assume that this aspect might not have been assessed as an important factor or as an option which is worth further exploring.

An organisation should constantly question itself concerning their own performance against customers – what they need, how they buy and in addition what competitors do and might come up with. The full potential of the SWOT-analysis is rarely realized because executives fail to match `strengths´ and `weaknesses´ to the correct `critical success factors´ (McDonald, 2007). This argument might be affirmed due to Smart's efforts to diversify its product range (e.g. ForFour) in order to attract more potential customers and broaden its target group – but one particular point was not addressed again; its reputation.

Ambrosini [et al] (1998) outlined for instance that benchmarking could be helpful in order to achieve better results – even with non-competitors. Christopher [et al] (1991) pointed in this respect directly on more efficient advertisements and Dibb [et al] (1997) added that an advertisement agency can also provide highly skilled specialists with a broad experience. An orientation towards FF might offer Smart new ideas in this respect. Advertising and the ability to talk to its customers were the main contributors for the resurgence of the Lofthouse brand. But it is also important how organisations construct their advertisement campaigns (e.g. Soothers and Lockets spent three-times more on advertising, but were less effective) – i.e. consistency within a message (e.g. the double F in relief of Fisherman's European campaign) and a linkage to the heritage of a company (heroes on the high sea) (Mitchell and Barrington, 2003) – then advertisement can be truly strength (Ryan and Baker, 1995). Mitchell and Barrington (2003:7) mentioned: "Above all else, this campaign clearly shows that however great the challenge, advertising can rise to the occasion and play a critical role in reversing a brand's fortunes". A statement also proved by the sensational recovery of Magnum – the `Seven Sins´ campaign cracked records (Coulter, 2006); as well as Toyota's new image – the "big-picture-brand" (Haig, 2004).

To expand, one can identify consistency in all FF's activities – not only in their advertisement campaigns, but in the whole way Lofthouse presents itself in public and how it designs its operational activities. For instance regarding its strong relationships; the closeness to and involvement of the customer is as emphasised and valued as a key-factor as the closeness to and an involvement of partners and the workforce. In addition, FF seems to appear always young, fresh and mentally agile – which can be assessed as a significant aspect, not only to attract and motivate partners, but also to address the aimed target group appropriately. All these aspects, but also other individual characteristics of the company, were effectively combined within Lofthouse's overall message. In consequence, the message is understood, appreciated and valued by the customer. As a result, it can be argued that this displays a successful mixture of different `Strength´ which were generated out of a well applied SWOT-analysis, and then further developed.

Though a SWOT-analysis is generally simple to apply, it is difficult to put generated ideas into a more concrete form (Piercy, 2002) because the tool does not offer any assistance in translating ideas into a strategic alternative (Davidson, 1998: Ambrosini [et al], 1998); as a consequence managers are often undetermined and swing from one idea to another (ten Have [et al], 2003). As example, the former argumentation might be affirmed if assumed Smart would like to concentrate on an advertisement campaign which combines and emphasises its `distinctiveness´ more efficiently. The tool advises to use `Strength´ in order to avoid `Threats´ (here: image) and recommends "greater managerial effort in order to increase performance", but neither a useful starting point for further exploitation can be identified, nor can the question "How to do it and in which way to develop?" be answered.

Supportively, Whittington (1993) identified that top- and lower management have a different view on strengths/ weaknesses of an organisation, e.g. top mangers strongly emphasize finance issues whereas lower managers tend to ignore them largely – additionally budgets are often done first rather than last (McDonald, 2007). Moreover, most managers tend to see environmental changes as a `Threat´ and not as an `Opportunity´ (Grant, 2002: Ambrosini [et al] 1998). Fact is, they can be both – as it was in the case of Dell-Computers. The emergence of networked computing was described as threat and PC sales went down, but Dell saw an opportunity as well and finally concentrated on producing servers – it managed the environmental change successfully (Grant, 2002).

Cultural differences have also an impact on applying and finally using the tool, e.g. opportunities and threats are estimated differently in Northern Europe compared to Southern Europe (Whittington, 1993). Furthermore capabilities and competences of competitors are very often underestimated or misunderstood (Gilligan and Wilson, 2003), a way out could be to undertake an analysis in the sight of a competitor (Piercy, 2002).

Piercy (2002) suggested some improvements to produce more dynamic results, e.g. through pooling of ideas from different sources in order to get a `shared vision´ and eventually richer outcomes. This includes identifying knowledge gaps as well; because they display a barrier concerning the preparation of a SWOT-analysis and finally in developing a strategic marketing plan (McDonald, 1989). The pooling of ideas within a group combined with a weighting of options would also force managers to explain their views on particular options to others involved in the process – this could finally lead to a reduction of subjectivity (Ambrosini [et al], 1998). Might these recommendations be a useful starting point to address and finally overcome Smart's image problem? For example in order to identify "where and why" exactly the message to potential customers gets lost?

Also, further developments of SWOT could increase the value of the tool significantly, e.g. Weihrich´s (1982, cited in Gilligan and Wilson, 2003) TOWS-Matrix, which considers the same factors, but more integrated into the planning process – through concentrating e.g. on actions that should be undertaken to achieve the overall objectives of an organisation (Mercedes-Benz (!) used it in 1990 to get prepared for the next century (Weihrich, 1993)); Davidson's (1998) ACM-framework (asset- and competence-based marketing), and Walton's (1999) check-list for post-modern SWOT.

6. Conclusion

"Information is the foundation on which a marketing plan is built. From information (internal and external) comes intelligence."

Malcolm Mc Donald (2007:480)

A management tool (such as the SWOT-analysis) has to be flexible in today's business environment and should give guidance concerning the implementation of a strategy. SWOT (if done properly) offers certain options, but still no guidance as could be illustrated with the Smart example. An opportunity-analysis is strategically important and has an impact on the overall decision-making-process and therefore on the policy of an organisation (Doole and Lowe, 2004). It could refer to irrelevant data regarding the development of a strategic market plan and eventually the overall strategy suffers. Moreover, an identified strength could be interpreted wrongly.

Entering a new market is an opportunity; good financial resources [thanks to Daimler] are `Strength´ according to the SWOT analysis, but also no guarantee for success. Personality and reality have to match. It is to question if the [now] Daimler-Benz AG is really aware of Smart´s overall negative image… and brand image is a critical factor for success, especially in a highly competitive market with many alternative products available, e.g. the BMW Mini is very popular, the Audi's A2 aims directly at Smart – plus many more. In consequence, life could get even harder for the small car without reputation.

Mc Donald (2007) pointed out that a great self-discipline is needed to complete a good, but comprehensive SWOT-analysis for each segment in the plan and additionally that companies should always question the aftermath of implications, because "marketing planning procedures alone are not enough for success" (*ibid*:86). In addition, an organisation has to accept that some ideas could turn out to be not that great (McDonald, 2007: Piercy, 2002). In particular with regard to SWOT used in marketing, it can be argued that even the "strongest Strength" identified might not be able to provide the basis for a successful strategy and eventually might not be practicable for marketing purposes. Current Smart PR-activities and advertisement campaigns seem to support such an argumentation; several `Strength´ are emphasised which at the end of the day led only to the reputation of "the most-advanced-high-tech-environment-friendly lawnmower" – drastically expressed.

To summarize, it can be concluded that findings and/ or gathered information could be "incorrect", i.e. assumptions could eventually lead to an inappropriate strategy, but also that the SWOT-analysis is dependent on and in the end only as good as the executive itself. In addition, it could be demonstrated that it is a long, dangerous and challenging way from the theory around SWOT available to a successful practical application of the tool. Lofthouse demonstrated impressively how to use `Strengths´ identified out of an analysis – based on intensive researches. Consistency in its messages helped FF becoming "cult" and coping with its main competitors, e.g. Cadbury Schweppes (Soothers) who holds a 22% market share in the medicated confectionary market (Cadbury Schweppes, 2007), as well as Mars (Lockets and Tunes) and Jackson (Victory-V) (Market Line, 2007) who are as popular as FF. It might have to use this `Strength´ again, because turnover and profits before taxation went down in 2006; the latter was significant below average (Fame, 2007). Though FF was launched as a gum in early 2007 complimented with very good critics (Toothfriendly International, 2007) – it is perhaps time for a new, exciting and breaking advertisement campaign.

Finally, until 1959 Volkswagen had a tarnished reputation because of its Nazi associations. Everything changed when they hired Doyle Dayne Bernbach, a legendary US advertisement agency, in order to promote an odd-looking vehicle – the Beetle (Haig, 2004). Reputation? US? Agency? There was something…….!

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Figures:

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Figure 5:	Fisherman's Friend (2007), Available on www.fishermansfriend.com, Publishing date unknown, Accessed 19 November 20007
Figure 6:	Block, M. and Greif, H. (2007), "*Smartville – Innovatives Automobilunternehmen der Zukunft*", Available on www.innovation-aktuell.de, Publishing date unknown, http://www.innovation-aktuell.de/images/1504_02.gif, Accessed 19 November 2007
Figure 7:	Mitchell, I. and Barrington M. (2003) "*Fisherman´s Friend: Putting the wind back into the sales of an old favourite*", Institute of Practitioners in Advertising, IPA Area Effectiveness Awards 2003

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Appendix

Figure 4:
"SWATCH"

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