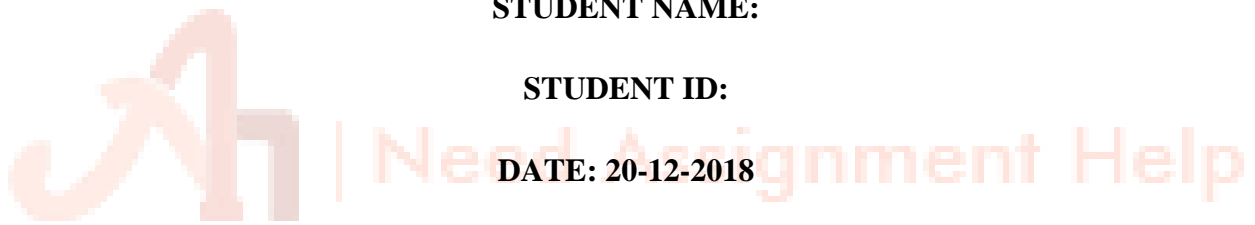


**TOPIC: STRATEGIC DEVELOPMENT TOOLS**

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## Introduction

The strategy development tools are used in order to analyze the business context and to consider the growth and position of a business. Apparently, the strategy development tools are available as an optional way to improve the current position of the business while focusing on implementing the strategy and considering the techniques for business solutions. Considerably, there are several issues and problems that are confusing the manager and with the use of the techniques, it is possible that the manager would apply and facilitate research and analyze the business trends for achieving future results. There are different types of strategy development tools such as generic strategies, resource based view, profit analysis, SWOT analysis, PESTEL analysis, Porter's five forces framework and Ansoff Matrix. Furthermore, these tools can be strategically used in order to recognize the competitor's strategy and work on achieving profit for the firm. The above strategies are used in order to consider the business opportunity and growth (Aapo and Tomas, 2008).

## Strategy development tools

The strategy development tools are explained in detail as above. PESTLE analysis, Porter's Five Forces framework, SWOT analysis and Ansoff's matrix.

## PESTEL analysis

A PESTLE analysis is a framework that works towards analyzing the current position of the business while analyzing the macro environmental factors. The external factors affect the market and impact an organization. As such these factors are political, economic, social, environmental, technological and legal factors. For Example, Zara adopts PESTLE analysis tool in order to consider the business plans and the extreme situation that the company may face. Political factors analyze the degree of intervention of government in the economy. The political stability, government policy, overseas market and the foreign trade policy highly affect an organization to respond towards marketing policy. Economic factors such as impact of economic growth, exchange rate, interest rate and inflation rate affect the business and the income of consumers.

Managing the demand and the economic condition are the factors that need to be understood by the marketer while implementing the business strategy (Babatunde and Adebisi, 2012).

Social factors involve culture, beliefs and attitude of the people in an organization. There are several determinants like age, gender, population growth and career attitudes that affect the business and an organization. For a particular interest, these factors vary from person to person and thereby it is difficult to understand the market demand while analyzing these factors. Technological factors such as new ways of producing, distributing and communicating with audience change as per the technological landscape. The market growth is considerably been distinct while analyzing these factors. Moreover, it is important for an organization to adapt changes in technology as per the market demand.

Environmental factors affect the market as it is observed that eco friendly products and green revolution strategy is accepted by customers. There are several issues while using eco friendly product and considering the market demand in global context. Legal factors include equal opportunities, health and benefits, advertising standards and consumer laws. These need to be implemented by an organization in order to focus towards a tricky area that applies rules and regulations.

### **Porter's Five Forces framework**

Porter's five force analysis is a framework that considers the business strategy and development of the business while applying the five forces. For example, Vodafone uses Porter's five force model in order to view the market and consider its objectives for the near future (Adidam, Banerjee and Shukla, 2012). The five business level strategies used in the market are rivalry competition, bargaining power of suppliers, bargaining power of buyers, potential entrants and substitute products. The existing rivals in the industry need to be considered while focusing on the price and the strategy the rivals use. This is a logistics attitude that will help to consider the market demand of an organization. Bargaining power of buyers continue to discuss about powerful buyer strategy that is used by the company in order to focus on the demand of the product. Bargaining power of suppliers consist the position of the brand. If the suppliers have a good brand the suppliers are powerful with their product differentiation strategy. Threat of substitute is about the substitute product that can be used by the customers. Suppose, the price of a product is high for a customer, he may switch over to another product which is significantly the

attitude of a customer. The threat of entry is the biggest force in which the existing players in the industry are always in a trouble if an organization enters in the industry. If the cost of entrance is low, there is a high level of threat for an organization.

### **SWOT analysis**

SWOT analysis stands for strength, weakness, threat and opportunity. It is imperative that a business can rely on this technique while focusing towards growth and opportunity. The internal factors that are controllable are strength of the company and the weakness. These are controllable factors that can be controlled in terms of decision making criteria (Ayub, 2013). Opportunities and threats are the antecedent of the business. The strength of the business lies in product appreciation, cost and quality of the product. Weakness of an organization reveals higher cost, low productivity and certain factors that affect the organizations production even though they are controllable (Dyson, 2004). A business gets opportunity while shifting to new technologies and relationship with customers. Furthermore, the business threats include competition, government hindrances and price of rivals. These are not controllable by a business thereby it is important to analyze these factors appropriately (Coman and Ronen, 2009). For example, Tesco, a retail market uses SWOT analysis in order to consider the sales volume and profit of an organization.

### **Ansoff's matrix**

Ansoff matrix is a grid that shows the relationship of product and market. It helps to analyze the established standards of the company while working towards the financial capability, moving towards the use of strategy and considering the right path needed to ensure the business growth. However, it is a product market combination that is applied in real market situation. The market penetration, product development, market development and diversification are the main criteria to be focused (Banker, Mashruwala and Tripathy, 2014). Moreover, market penetration segment looks at the customer base while it aims at sales performance criteria. With the product development grid, innovative products are highlighted. Market development strategies tend to work towards the identification of a new market and existing market. Diversification stage considers a move of a company towards a new direction with a new product.

## Conclusion

The essay outlines the major strategic tools that help in development strategies. A business needs to focus towards one or more tools that assist as an opportunity in the market. The major focus and attention towards SWOT analysis, PESTEL analysis, Ansoff Matrix and Porter's five force model are explained in detail with the given examples of several companies. The use of strategic development tools emphasize the strategy to be used in the business while achieving the market share with competitive advantage. Thereby, the essay outlines the major outcomes of the study for sustainable and development of the business.



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