

What was the key
weakness that skoda
identify marketing
essay



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One of the successful global brands is Skoda, which produces their products in today's strong competitive market. In order to get more competitive edges and more shares in market, Skoda identifies their internal weaknesses and tries to reduce them. Internal weaknesses are the things that business cannot do well, weaker than other and ineffective at. Moreover, it includes other factors that bring losses, and difficulties for a business.

There are some key weaknesses which Skoda needs to improve such as their market share which is only 1, 7%, with this small market share they cannot compete with their competitors who has more market shares than Skoda. This is because Skoda is mostly known as very poor vehicle quality, design, assembly, and materials in Eastern European. That is why customers already have negative ideas about Skoda's products. Skoda tries to change their negative image from 1999 onwards, under Volksagon AG ownership. They changed their image and try to prove that Skoda's cars are not low budget or low quality anymore. They want to show others that they are strong competitors as well. However, a brand ' health check' in 2006 showed the result which Skoda does not want. The result was Skoda still had a low image in their market comparing with other brands such as Ford, Peugeot who already known as high quality products. All in all Skoda is no longer poor quality brand; it did not have a high image either.

II. What strength did Skoda use to turn its brand weakness into an opportunity?

Strengths are things that a business is powerful at and already known to others. It also includes their employees effective ability as well. When company's use their advantages and make more profits than their

competitors we call it their strengths. With their strengths company's lead to confidence in the market and it brings repeat customers and they became loyal customers for that business. It sometimes make competitors try to copy your strategy.

According to Charles W. L. Hill (2002) opportunities lead a business into right directions that business could take in future because of strengths that they have or limiting their weaknesses. Opportunities consider closely to business environment from the broad and potential points.

In this case study Skoda's strategy was focused on their existing strengths and take more advantages of the opportunities in the market. In order to identify their own strengths and weaknesses Skoda UK done some research about their products and services from customers. The result of this research shows that Skoda's customers are very satisfied with their cars and voted Skoda the ' number one car in the market'. Skoda concentrated on owner experience rather than profits which bring more strength to the company. Because of their good customer service Skoda's 98% of customers would recommend Skoda to others such as their family and friends. This is one of the biggest strength that Skoda has, even the brand known to others with their poor image and low-quality products, their customer satisfaction would increase their sales more than their competitors who only cares for their product quality. In other words Skoda's competitors focused on only products and sales that is why Skoda takes this to their opportunity and focused on their customer satisfaction. Skoda's unique selling proposition (USP) focused on happy Skoda customers and it enables them to differentiate the brand from others.

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How has Skoda strategically addressed external threats?

Threats are external factors which can be negative effect for your business.

Threats are usually came from actions of competitors and not taking opportunities or to make on successes. " Threats also come from complacency, a lack of rigors, and from falling profits, perhaps due to rising costs". Hall et al. p123 (2000)

Understanding and analyzing their treats is very important for the SWOT process. Skoda is competing very crowded and high competitive environment. That is why they should use strong strategy in order to get more competitive edges. United Kingdom is big market for car industry, there are fifty different car brands selling 200 models. In order to survive from this market Skoda makes sure that their customer segmentation and marketing is really effective and results should be positive. If they cannot do this other competitors and customers would underestimate Skoda. Another thing that Skoda needs to do in order to compete in UK is increase their product range. They have seven different cars which represents Skoda in UK. Each of them are made especially for their customers and priced to appeal to different market segmentation groups.

Another external threat that Skoda addressed was their Corporate Social Responsibility (CSR) according to EU legal and environmental regulations. Skoda found their ways to be responsible for the social. For instance, they were recycling as much as they can and using latest manufacturing technologies which are not harming the environment. They even got technology to design their cars with lower noise levels and developed sound quality.

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IV. What in your view are the important benefits of using a SWOT analysis?

One of the most popular and useful analysis for business is SWOT analysis. Most businesses analyze their current position by using SWOT analysis, which identifies the business's internal strengths and weaknesses and the external threats and opportunities facing a business. Using SWOT analysis gives many advantages to organisations.

According to Hall et al. (2000) business analysis is the test of the 'how, what, why' of business activity. It helps to organization to notice the possible internal problems and advantages that a business has. It can show the factors external to the business that could affect its strategy. The outcome of analysis should be to find the organisation's strengths and capabilities, its operational advantages, the wider general pressures and constraints on the business and abilities that they have, which is really useful for any business. The main point of SWOT analysis is to know your current position of your business and it can help you to identify some important points and improve them also it helps organisations to get in right directions in future. The SWOT analysis is often carried out as a brainstorming discussion which helps organisations decisions. It is an effective way of collecting important information, explain some problems and makes changes in business activities as soon as possible. (Paul and Yeates 2006). Another benefit for SWOT analysis is it is very useful for marketing departments to make and plan their marketing strategy.