

Case study in skoda company



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Skoda's inability to identify its Brand Position was one of the weaknesses for Skoda in the highly competitive fragmented market by positioning the brand as low budget or low quality vehicles which caused Skoda to get 1.7% of the market share, because the company used to manufacture cars of poor image of quality, design, assembly, and materials, which led customers to perceive the brand image as poor image for majority consumers compared to other competitors like Ford, Peugeot, and Renault. By looking at business model, for example General Electric's business model that says a business organisation can determine itself by looking at factors like Business Strengths (strong or average or weak) in the market and industry attractiveness (high or medium or low) at that market. According to that model that means the Skoda had probably weak business strength and its industry attractiveness was probably strong in the market.

The analysis gave clear direction to Skoda that there is a need for a Partnership with Volkswagen by raising a strategic alliance between themselves which led the Skoda to change the negative image in the market. Also Skoda management did understand that they need to correct old perceptions by stop being defensive in promotional campaigns and change market message as Skoda owners need to be happy and contented with their cars, Also convincing users that Skoda cars were great to own and drive.

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

Answer:

Skoda researched through asking customers directly and using independent surveyors like JD power survey by testing customer's feelings through

questionnaires . Skoda able to position its brand where there was a gap in the market place against their competitors because competitors they where focusing in product it self.

Skoda partnership with Volkswagen AG helped the Skoda to gain internal strength due to combinations of skills and knowledge in both companies, also the Volkswagen has got good reputation on its business, Page 133 on the case study.

Satisfaction of its customer by business concentrating on owner experience, future strategic development and marketing its brand image through designing to sales, satisfaction of their customer came after producing brand image which has got quality and happy to driver to own that brand, example of Top gear's 2007 customer satisfaction survey in 152 models viewers voted number one car maker and 2008 Octavia model won auto express driver power best car, Skoda knows 98% of its drivers would recommend Skoda to a friend, page 133 - 134, on the case study. That shows the out come evidence of Skoda over come the weakness and built the strength which led to opportunities.

Advantage through technology also was best strength for Skoda by using focusing strategy, as Michael Porter model of Competitive Advantage (cost leadership, focused low cost, differentiation, focused differentiation) Skoda adopted the strategy of focused differentiation in niche market, organisation can adopt a strategy to compete against other competitors, technology made Skoda to over come weakness and gain strength to opportunity by

differentiate in unique selling proposition through human touch designed of its brand car engines and focused on customer experience.

How has Skoda strategically addressed external threats?

Answer:

After careful analysis Skoda able to addressed external threats. One, Skoda UK was able to ensure that its messages were powerful enough for customers to hear within such a crowded and competitive environment my using slogan of “ the manufacturer of happy drivers” so they can able to maintain the market share. Skoda able to produced strong range of product in the UK and globally such as; Skoda fabia sold as basic but quality car, Skoda superb as more luxurious and up market appeal, the Skoda Octavia as estate provides a family with a fun drive but also a great big boot, all these brand were UK market segments. Page 135 on the case study.

Pricing, Skoda priced all brands according to model range that means Skoda looking to satisfy their customers according to different groups within the main stream of the car market, Also combination of competitive pricing and brand range gave advantage to overcome the threats of other competitors.

EU Legal and Environmental regulations made Skoda able to addressed the threats by using the advantage of technology to produce products which are environmental friendly at every stage of their life cycle. By producing Skoda products which they can recycle as much as possible and through identification of their parts which are marked quick and easy when the car taken apart, Using latest most environmentally friendly manufacturing technologies and facilities available, example use of lead free and water

based colours to paint areas to protect against corrosion, By designing processes that will cut fuel consumption and emissions in petrol and diesel engines. Using lighter parts to make vehicles as aerodynamic as possible to use less energy. By designing cars with lower noise levels and improved sound quality, Pg 135 on the case study.

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

Answer:

SWOT identify Superiority of organisation in the market place, swot helps organisation to know how best it is in the market place by looking example the brand image of the company in the market against other competitor's brands.

Also SWOT help to determine Staff expertise, loyalty and commitment in the organisation. Example pg133 first paragraph, Skoda management they were looking a foreign partner so company management can gain expertise in Cars manufacture.

SWOT help to build good reputation for service or quality, as in case study Skoda build strength by design cars with their own experience and brand image, pg 134.

SWOT also helps to guide organisation in future strategic development which will bring advantage to organisation.

Technology adoption, helps organisation to change its operation by gaining advantage through technology which can reduce costs or improve production.

Helps to give gap idea within market when organisation wants to position a product or services in the new market.

Helps to understand customer needs by looking at their perception on company's product and if product or services the company supplies to them are well received. Example on the case study of JD Power survey and Top Gear explained how management of Skoda identified their strength of customer satisfaction in the market place, Pg 133.

Helps to understand competitive activity, by looking at other competitors in the business environment.

Helps organisation able to respond to changes in government regulations or legislation, example in the case study Skoda able to respond to EU legal and environmental regulations by producing products that are environmentally friendly at every stage of their life.

Also help to determine supply demand, example shortage of raw materials.