

The Formulation and Priority of the Strategies by Investigating the Internal and External Environment of Internet Shop Www.Musicshopir.Com

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ABSTRACT

The current study is used to achieve good strategies for Musicshopir.com internet shop by internal factor matrix and external factor, the evaluation of situation and strategic measurements and AHP. This study is practical in terms of aim and the statistical population was the experts and managers of Soutazin Company (Owner of this music shop). Considering the data of internal and external environment of the company, the mentioned matrixes were formulated and the result was such that the company is higher than average in terms of internal and external factors. According to the data of AHP, the strategies of presenting new products and variety in the products of attraction score compared to other strategies and using this strategy by presenting new products and services with increasing the staffs of sale and increasing the advertisements for increasing the share of market for the company were recommended.

KEYWORDS: Strategic planning; opportunities; threats; strengths; weaknesses; strategic management; strategy; SWOT matrix

INTRODUCTION

The organizations take decisions and plan for selecting the path of their future. In these conditions, being informed of the existing realities can help the organizations to reach their aim. The complexity of technology changes and economical and social changes caused that the managers of the organizations start the study of surrounding environment and future changes as the most important duties. Thus, the concepts and theories of strategic management are formed and the existing element of the condition is raised to cope with their crises and formulization of their path in the form of being informed of threats and opportunities [1]. In other words, the general point of strategic management is that the managers are required to know what factors are successful for improving the situation of organizations [2]. Considering the role of managers in the life of organizations, they could guide the company to achieve its main goals by techniques, methods and efficient techniques. One of the methods in management sciences is strategic planning [3].

Internet shop www.musicshopir.com was set up based on the increasing development of e-business and to introduce and selling Iranian music instruments in 2006 by Soutazin Company.

The importance and necessity of planning

Planning is determining short aims and predicting the way to achieve it. Indeed, the plan is considered a kind of commitment to do specific activities for achieving the aim.

Planning is one of the most important duties of the managers and is related to other duties of them. If the attitude-based planning affects whole life of people, a kind of commitment based on future thinking and determined will are formed.

In fact, the need to planning is aroused from the fact that all the organizations by being active in a dynamic environment are inclined to spend their limited resources to remove increasing requirements. The dynamics of the environment and the related problems and the lack of assurance of environmental changes increase the unavoidable necessity of planning [4].

Strategic planning

Strategic planning is a process to equip the resources of the organization and making the related attempts unified to achieve long-term aims and missions considering the internal and external facilities and limitations of the organization [5].

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SWOT method in strategic planning

Strategic planning is presented by various forms and in different shapes and one of the common forms is SWOT model including strengths, weaknesses, opportunities and threats.

Two investigations are done in this model, one is the internal investigation including the internal strengths and weaknesses of organization and it is possible to have an exact evaluation of the resources and limitations of organization for management. On the other hand, holistic view of strategic planning requires that we consider external environment of the organization. Thus, after the internal investigation of the evaluation of the opportunities, the threats of external environment are investigated.

METHODOLOGY

The current study was practical in terms of aim and was descriptive and a case study in terms of data collection and data processing. The most important resource applied in this study is the existing documents and company staffs.

ANALYSIS

The investigation of the internal and external factors of internet shop of Soutazin Company (www.musicshopir.com)

Determining vision and mission of the organization

Vision of the organization is the state of organization direction and shows the identity, aspiration and achieving it [6].

Vision of the company is being present as the reference of the selling music instruments, etc.

The mission of the organization shows the reason and philosophy of organization and in the company presenting the qualitative products regarding music instruments to foreign customers and going to more markets [6].

Extraction of the opportunities, threats and weaknesses

External and internal environment is including the variables outside of the control or in the control of organizations and managing none of these two types of variables don't have short-term effect. On the other hand, these variables and forces include the potential effects and involving with the limitations of organization performance or the aims that the organization is achieving them [11]. Strengths are factors are a priority compared to the past of the organization or average industry or compared to the rivals for the organization. Weaknesses are factors in which the organization don't have any required ability while its rivals have some abilities [7, 8]. The weaknesses and strengths of Musicshopir.com of internet shop are shown in Table 2.

Main principle of strategic management is that the organizations for taking the benefits of external opportunities and avoiding the effects of external threats or reducing them following the formulation of strategies. Thus, the identification, supervision and evaluation of the external opportunities and threats guarantee the success of the organization. Opportunities and threats are shown in Table 1. prioritization of the internal and external factors by External Factor Evaluation (EFE), Internal Factor Evaluation (IFE): In external evaluation matrix, the opportunities and threats are separately in a matrix. Then, for each of the factors a score between 1 to 4 is given based on the conformity in Musicshopir.com with the opportunities and threats. This score shows the effectiveness of the present strategies of the internet shop in showing the reaction to the mentioned factors. Number 4 shows that the reaction was excellent and number 1 show that the reaction was weak. Each of the scores is as:

4: Golden opportunity, 3: Reliable opportunity, reliable threat (bad and negative reaction), 1: serious threat (very bad reaction). In the next stage weighted score of importance degree coefficient of each factor is calculated in the required score and the general score is obtained. In the matrix of evaluation of internal factors, strengths, weaknesses are separately in the matrix.

Then, for each of the strength factors 3, 4 are considered and for weakness, 1 or 2 is considered. Each of the scores is considered as: 4 strong strength, 3 strength, 2: weakness, 1: Strong weakness and weighted score is calculated and general score is obtained. The sum of weighted score (weighted) of the organization is calculated that is minimum 1 and maximum 4 and average score for the company in internal and external factors evaluation and average score for the company in internal and external factors evaluation is 2.5. If the final score of the matrixes is more than average, it shows that the organization has some opportunities in terms of external factors and in terms of internal factors have some strength. If the final score of each of the matrixes is less than average. It shows that the organization has some threats in terms of external factors and weaknesses in terms of internal factors [9].

Table 1: The matrix of External Factors Evaluation (EFE)

Opportunity	Code	Weight	Score	Weighted score	Explanation
The lack of good competitors and good working space	O1	4	0.047619048	3	0.142857143
Cultural attraction and attraction of astern music art for other countries	O2	5	0.05952381	3	0.178571429
Increase in exchange rate of foreign currencies in Iran	O3	7	0.083333333	4	0.333333333
Using export prizes	O4	6	0.071428571	1	0.071428571
The possibility of developing market in handicraft,	O5	7	0.083333333	3	0.25
Potential capacity of the market	O6	5	0.05952381	3	0.178571429
Added-value and high profit of music instruments in objective markets	O7	5	0.05952381	4	0.238095238
The presence in music fairs	O8	4	0.047619048	3	0.142857143
The presence of effective Iranian companies in internet advertisements	O9	3	0.035714286	2	0.071428571
Joining b2b portals as Alibaba	O10	8	0.095238095	3	0.285714286
Threat					
High post costs (transportation)	T1	5	0.05952381	3	0.178571429
Sanction and increase of costs	T2	5	0.05952381	3	0.178571429
The lack of fixed quality of providers product (low quality of some of the receiving products)	T3	3	0.035714286	2	0.071428571
The lack of fixation of foreign exchange and the lack of good planning	T4	2	0.023809524	1	0.023809524
The lack of government support (not giving export license)	T5	6	0.071428571	3	0.214285714
Low experience than the rival	T6	3	0.035714286	2	0.071428571
The lack of recognition of Iranian music in the world	T7	3	0.035714286	2	0.071428571
Low quality of Iran post (The lack of stability in delivering the product and the lack of pursuing	T8	3	0.035714286	2	0.071428571
		84	1		2.773809524

Table 2: The matrix of Internal Factors Evaluation (IFE)

Strength	Code	Weight	Score	Weighted score	Explanation
The presence in Iran and low costs (human resources, raw materials)	S1	5	0.054	4	0.215
Good relationship with some of the important providers	S2	4	0.043	3	0.129
The presence in some important international music fairs	S3	5	0.054	3	0.161
Having some fixed customers	S4	3	0.032	3	0.097
Rapid response to the customers	S5	7	0.075	4	0.301
Good variety of the product to the rival	S6	6	0.065	4	0.258
Having good relationship and using music experts	S7	6	0.065	3	0.194
Good relationship with post office	S8	4	0.043	3	0.129
The proximity to post office	S9	3	0.032	3	0.097
Automatic calculation of post costs by internet shop	S10	4	0.043	3	0.129
Joining e-bay	S11	9	0.097	4	0.387
Weakness					
Weak design of company site	W1	3	0.032	2	0.065
The lack of adequate advertisements in objective markets	W2	8	0.086	1	0.086
The lack of time stability in answering the customers	W3	4	0.043	2	0.086
The problems of packing and damage to the products due to high sensitivity	W4	3	0.032	2	0.065
The limitation of space and storing	W5	2	0.022	2	0.043
The lack of strong organizing in peak time of the work	W6	3	0.032	2	0.065
The lack of adequate entrance to potential markets such as Japan and Spain	W7	4	0.043	2	0.086
The lack of mechanization of the processes	W8	4	0.043	2	0.086
The lack of good investment	W9	6	0.065	2	0.129
		63	1		2.806

Table 3: SWOT matrix of Sot Azin Company

<p>Weaknesses W1 :Weak design of company site W2 :The lack of adequate advertisements in objective markets W3 :The lack of time stability in answering the customers W4 :The problems of packing and damage to the products due to high sensitivity W5 :The limitation of space and storing W6 :The lack of strong organizing in peak time of the work W7 :The lack of adequate entrance to potential markets such as Japan and Spain W8 :The lack of mechanization of the processes</p>		<p>Strengths S1 :The presence in Iran and low costs (human resources, raw materials) S2 :Good relationship with some of the important providers S3 :The presence in international fairs S4 :Having some fixed customers S5 :Rapid response to the customers S6 :Good variety of the product to the rival S7 :Having good relationship and using music experts S8 :Good relationship with post office S9 :The proximity to post office S10 :Automatic calculation of post costs by company site S11 :Joining e-bay</p>	
<p>Opportunities O1:The lack of more rivals and good working space O2 :Cultural attraction and eastern music art for other countries O3 :Increase of foreign exchange O4 :Using export prizes O5 :The possibility of developing market in handicraft, O6 :Potential capacity of the market O7 :Added-value and high profit of music instruments in objective markets O8 :The presence in music fairs O9 :The presence of effective Iranian companies in internet advertisements O10 :Joining b2b portals as Alibaba</p>		<p>Cautious strategies (WO) - Common investment (O1,O3,O4,O7,W2,W7,W9)</p>	
		<p>Offensive strategies (SO) - Increasing sale staffs - (O5,O6,O10,S1,S5) - Increasing advertisements (O2,O6,O8,O9,O10,S3,S6) - Presenting new products and the variety of products (O1,O2,O3,O5,S1,S4,S6,S11)</p>	
<p>Threats T1 :High post costs (transportation) T2 :Sanction and increase of costs T3 :The lack of fixed quality of providers product (low quality of some of the receiving products) T5 :The lack of government support (not giving export license) T6 :Low experience than the rival T7 :The lack of recognition of Iranian music in the world T8 :Low quality of Iran post (The lack of stability in delivering the product and the lack of pursuing</p>		<p>Defensive strategies (WT) - Making small (T1,T2,T5,W2,W5)</p>	
		<p>Competitions strategies (ST) - Identification of rivals (T6,S3,S7,S11) - Partnership of the company (T1,T5,S3,S4,S11)</p>	

To select and present the good strategies of matrix and the sum of weighted scores X, the sum of the weighted scores of internal factors evaluation matrix are shown in the axle and of intersection of these two scores Y of external factors evaluation matrix, the good strategy of the company is defined [9]. Considering the data of foreign sale section of Souzain Company in the internal evaluation matrix, the sum of score was 2.806 and in external evaluation matrix the score was 2.77. Thus, Musicshopir.com internet shop is in the offensive strategy region in Figure 2. Offensive??? strategies for this company were including

- Increasing sale staffs
- Increasing advertisements
- Presenting new products and the variety in the products

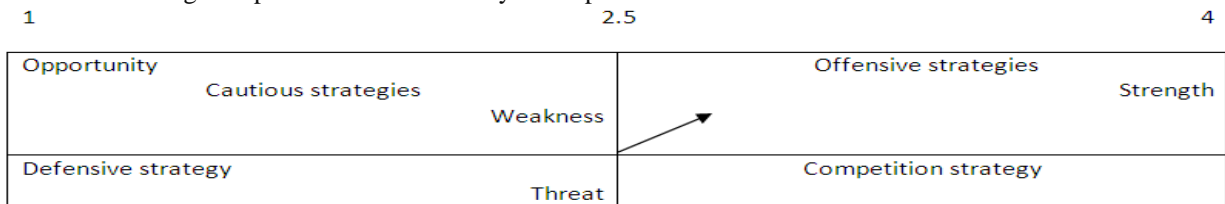


Fig. 1: Internal and external matrix of external sale section of Sot Azin Company Decision making stage (by AHP method)

AHP method was presented by an Iraqi person called Thomas L.Saaty in 1970s. This method analyzes the method like what is done in the brain of human being. AHP makes the decision makers to determine the mutual effects of most of the complex and indefinite conditions. This process helps the decision makers to adjust the priority based on the aims, knowledge and experience such that to considered their feeling and justification completely. To solve the decision making issues via AHP, the problem should be defined exactly with all the details and the details are drawn as hierarchical structure. AHP is based on three following principles:

- a. The principle of drawing hierarchical tree
- b. The principle of determining the priorities
- c. Logical conformity of the justifications [10]

By SWOT method, it was defined that the applied strategy should be offensive, the data of this strategy should be extracted from Table 3 and the applied strategies should be one of these strategies:

1. Strategy of increasing sale staffs, 2- Increasing advertisements, 3- Presenting new products and the variety in the products of these strategies, they should be compared two by two and for comparing them, we need index definition. The applied indices in this part are defined according to the view of the experts including the effectiveness and profitability, suitable financially and easy performance.

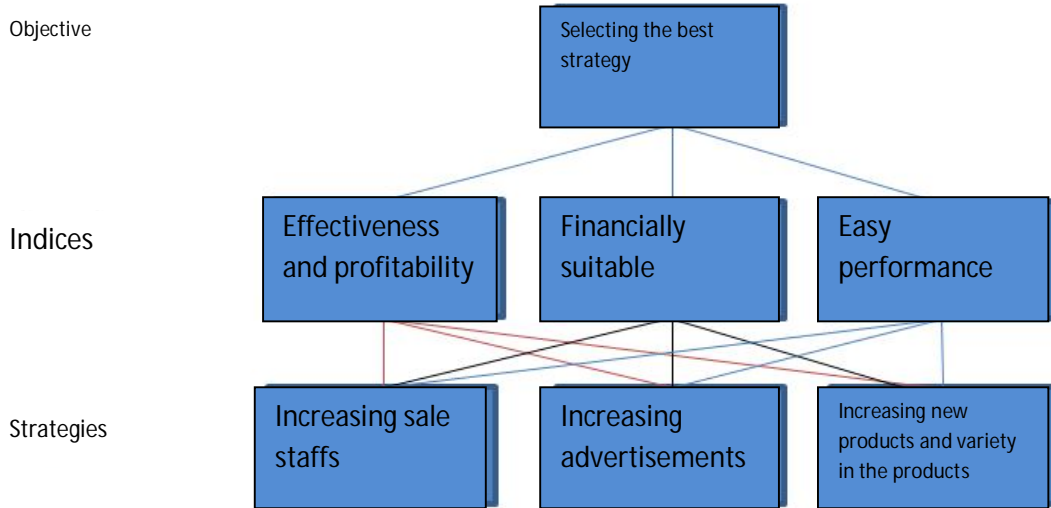


Fig 2: Hierarchy tree AHP tree

Table 4: Index matrix “Effectiveness and profitability”

Effectiveness and profitability	Increasing sale staffs	Increasing advertisements	Presenting new products and variety in the products
Increasing sale staffs	1	0.20	0.5
Increasing advertisements	5	1	3
Presenting new products and variety in the products	2	0.33	1

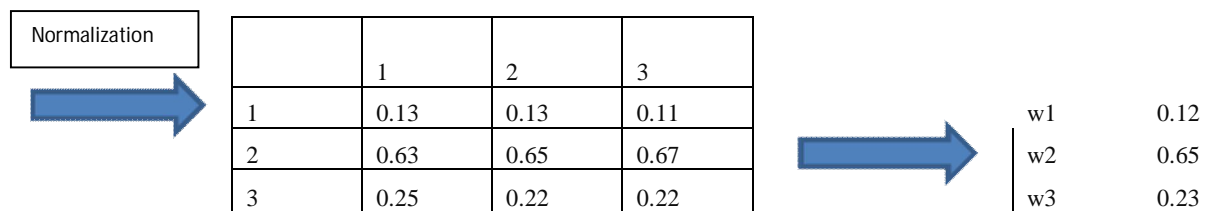


Table 5: The matrix of index “Suitable financially”

Suitable financially	Increasing sale staffs	Increasing advertisements	Presenting new products and variety in the products
Increasing sale staffs	1	2.00	0.25
Increasing advertisements	0.5	1	0.1
Presenting new products and variety in the products	4	10	1

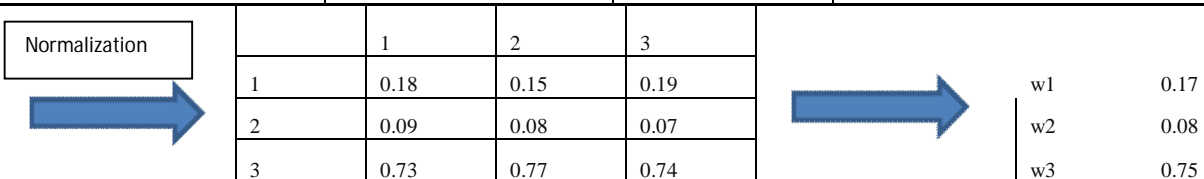


Table 6: The matrix of index “Easy performance”

Easy performance	Increasing sale staffs	Increasing advertisement	Presenting new products and variety in the products
Increasing sale staffs	1	3.00	0.2
Increasing advertisements	0.33	1	0.1
Presenting new products and variety in the products	5	10	1

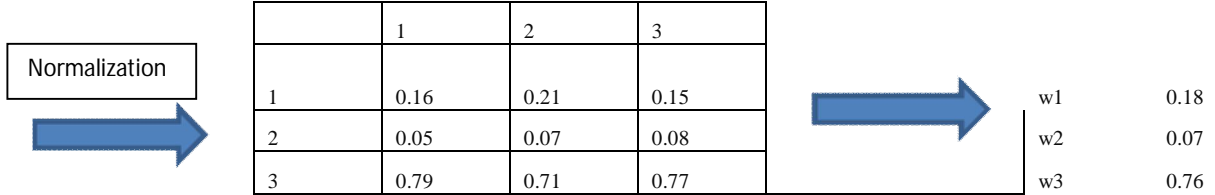


Table 7: The matrix of the comparison of the indices

The comparison of the indices	Easy performance	Financially suitable	Effectiveness and profitability
Easy performance	1	0.33	0.2
Financially suitable	3	1	0.6
Effectiveness and profitability	5	1.66	1



- = Final weight of sale staffs 0.168899
- = Final weight of increasing advertisements 0.135913
- = final weight of presenting new products and the variety of the products 0.695188

Considering the scores, it was defined that the strategy of presenting new products and the variety in the products are the best strategy for performance.

Conclusion

Normally, the organizations defined for the growth the short-term, mid-term and long-term and to achieve these aims, the strategies and strategies were investigated and were selected as performance. In strategic management issue, most of the issues were relate to the investigation of organization conditions and the selection of the kind of strategy and less is considered about the quantity relations between weaknesses, strengths, opportunities and threats. In this paper, at first the strengths and weaknesses, opportunities and threats are considered in the form of SWOT matrix and then by paired comparisons AHP method, the best strategy was selected. It is obvious that this analysis helps the organization to identify the best opportunity and strength or the worst threat and weakness. If possible, the strategies are selected as to reduce the effect of the worst weaknesses and threats and use the benefits of the best opportunities and weaknesses. The vision of the organization is being raised as music instruments sale reference. Thus, the selected strategy should guide the organization to achieve the vision.

Considering the condition of the internet shop in SWOT matrix, using offensive strategies is the best choice and by AHP method, the strategy of giving new product and the variety in the product had the best attractiveness between the proposed strategies.

Recommendations

- 1- Considering the attractiveness of culture and the art of Iranian and eastern music for other countries, it is recommended that this organization besides presenting new products, develop its entrance in the existing markets and enter the new markets.
- 2- Although there is no serious rival for this company it is possible that the competitors enter this market seriously. Thus, Soutazin company besides increasing the quality of packing and delivery of the product, consider the environmental changes.

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