

SWOT Analysis: Lesson

Strengths, Weaknesses, Opportunities and Threats (SWOT).

SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. *SWOT* stands for **strengths, weaknesses, opportunities, and threats**. Strengths and weaknesses are **internal** factors. Opportunities and threats are **external** factors.



In SWOT, strengths and weaknesses are internal factors. For example: A strength could be:

- Your specialist marketing expertise.
- A new, innovative product or service.
- Location of your business.
- Quality processes and procedures.
- Any other aspect of your business that adds value to your product or service.

A weakness could be:

- Lack of marketing expertise.
- Undifferentiated products or services (i.e. in relation to your competitors).
- Location of your business.
- Poor quality goods or services.
- Damaged reputation.

In *SWOT*, opportunities and threats are external factors. For example: An opportunity could be:

- A developing market such as the Internet.
- Mergers, joint ventures or strategic alliances.
- Moving into new market segments that offer improved profits.
- A new international market.
- A market vacated by an ineffective competitor.

A threat could be:

- A new competitor in your home market.
- Price wars with competitors.
- A competitor has a new, innovative product or service.
- Competitors have superior access to channels of distribution.
- Taxation is introduced on your product or service.

Simple rules for successful SWOT analysis.

- Be realistic about the strengths and weaknesses of your organization when conducting **SWOT** analysis.
- SWOT analysis should distinguish between where your organization is today, and where it could be in the future.
- SWOT should always be specific. Avoid grey areas.
- Always apply SWOT in relation to your competition i.e. better than or worse than your competition.
- Keep your SWOT short and simple. Avoid complexity and over analysis
- SWOT is subjective.

SWOT Analysis Examples

A summary of FREE SWOT analyses case studies are outlined as follows (those in the table above are far more detailed and FREE!):

Example 1 - [Wal-Mart SWOT Analysis](#). Strengths - Wal-Mart is a powerful retail brand. It has a reputation for value for money, convenience and a wide range of products all in one store. Weaknesses - Wal-Mart is the World's largest grocery retailer and control of its empire, despite its IT advantages, could leave it weak in some areas due to the huge span of control. Opportunities - To take over, merge with, or form strategic alliances with other global retailers, focusing on specific markets such as Europe or the Greater China Region. Threats - Being number one means that you are the target of competition, locally and globally.

Example 2 - [Starbucks SWOT Analysis](#). Strengths - Starbucks Corporation is a very profitable organisation, earning in excess of \$600 million in 2004. Weaknesses - Starbucks has a reputation for new product development and creativity. Opportunities - New products and services that can be retailed in their cafes, such as Fair Trade products. Threats - Starbucks are exposed to rises in the cost of coffee and dairy products.

Example 3 - [Nike SWOT Analysis](#). Strengths - Nike is a very competitive organisation. Phil Knight (Founder and CEO) is often quoted as saying that 'Business is war without bullets.' Weaknesses - The organisation does have a diversified range of sports products. Opportunities - Product development offers Nike many opportunities. Threats - Nike is exposed to the international nature of trade.

SWOT Analysis - Exercise.

Highly Brill Leisure Center.



Highly Brill Leisure Center has hired you to help them with their marketing decision making. Perform a SWOT analysis on Highly Brill Leisure Center, based upon the following issues:

- 1.The Center is located within a two-minute walk of the main bus station, and is a fifteen-minute ride away from the local railway station.
- 2.There is a competition standard swimming pool; although it has no wave machines or whirlpool equipment as do competing local facilities.
- 3.It is located next to one of the largest shopping centers in Britain.
- 4.It is one of the oldest centers in the area and needs some cosmetic attention.
- 5.Due to an increase in disposable income over the last six years, local residents have more money to spend on leisure activities.
- 6.There has been a substantial decrease in the birth rate over the last ten years.

- 7. In general people are living longer and there are more local residents aged over fifty-five now than ever before.
- 8. After a heated argument with the manager of a competing leisure center, the leader of a respected local scuba club is looking for a new venue.
- 9. The local authority is considering privatizing all local leisure centers by the year 2000.
- 10. Press releases have just been issued to confirm that Highly Brill Leisure Center is the first center in the area to be awarded quality assurance standard BS EN ISO 9002.
- 11. A private joke between staff states that if you want a day-off from work that you should order a curry from the Center's canteen, which has never made a profit.
- 12. The Center has been offered the latest sporting craze.
- 13. Highly Brill Leisure Center has received a grant to fit special ramps and changing rooms to accommodate the local disabled.
- 14. It is widely acknowledged that Highly Brill has the best-trained and most respected staff of all of the centres in the locality.