

Swot of polo ralph lauren



**ASSIGN
BUSTER**

Strengths

One strength is that Ralph Lauren's retail stores focus on showcasing the "World of Ralph Lauren" by offering a wide selection of luxury products to customers. This is a strength because Polo Ralph Lauren is a premier global player in the design, distribution, and marketing of lifestyle products such as men's, women's and children's apparel, accessories, fragrances and home furnishing. Another strength is that the largest part of its revenues come from its wholesale division, which sells Ralph Lauren products to department stores. Ralph Lauren has taken complete control of its own brand in Asia providing more control over the company.

This is because the company has managed to beat analyst estimates in an especially poor season for consumer spending through controlling costs and increased sales in Europe. Ralph Lauren's operations fall under three primary categories: Wholesale, Retail, and Licensing. The company can target a large range of customers through its relationship with large department stores from Europe to Asia and America. Ralph Lauren's retail segment operates through the chain of 326 retail and factory outlet stores, as well as the company's online store. Ralph Lauren sponsors Wimbledon and dresses all of the line and ball girls and boys in their brand clothing, clearly showing the iconic and memorable horse design.

Opportunities

One opportunity is that the retail presence serves as a platform for Ralph Lauren to launch new lines and maintain brand strength. Ralph Lauren views internet sales as a prime source of future growth. One key area of growth in Wholesale could be the development of private labels with department

<https://assignbuster.com/swot-of-polo-ralph-lauren/>

stores, like the American Living brand Polo has launched in partnership with J. C. Penney (JCP). This is an opportunity because Ralph Lauren's expansion plans, Polo Ralph Lauren's American Living line for J. C. Penney debuted in 600 stores in February 2011 with plans to expand to all 1, 048 J. C. Penney stores.

Another opportunity is with fifty merchandise categories ranging from apparel to home furnishings and a broad influence, the brand potentially allows Ralph Lauren to target large demographic seeking high quality merchandise at lower prices. This is an opportunity because the private label partnership represents a significant opportunity for growth in the Wholesale segment for Polo, as the company could enter more partnerships with new brands with J. C. Penney (JCP) or other department stores. Ralph Lauren already supports Cancer campaigns and ecofriendly tote campaign.

Weaknesses

One weakness is due to exchange rates, in fiscal 2011, those fluctuations led to a loss of \$6. 4 million. This is a weakness because though having stores throughout the world exposes the company to multiple different markets; it also exposes the company to the whims of changing exchange rates. Another weakness is the diverse range of products with the Ralph Lauren brand, it is largely dependent on its Ralph Lauren polo tops and " Create your own" polo which enables you to choose the color of the polo and horse and the fit of the top that you would like.

This is a weakness because there are stores all over the world that results in buying and selling at different currencies which leaves cost margins unstable. There are many head offices and buildings to maintain which costs

<https://assignbuster.com/swot-of-polo-ralph-lauren/>

more money than having no factories. Ralph Lauren is highly dependent on large retail stores for generating revenue and profits.

Threats

One threat is the fluctuating exchange rates have had a substantial impact of sales: a gain of \$1.6 million in Fiscal 2011 and a net loss of \$6.4 million in Fiscal 2010. This is a threat because changes in exchange rates will affect prices as well as foot traffic in stores where Ralph Lauren goods are sold. Another threat is that although Ralph Lauren is a premier global brand, there is huge competition within their target market such as Hugo Boss, Abercrombie and Fitch, Armani and Calvin Klein for men's wear and Michal Kors, DKNY and Armani Exchange for women's wear. This is a threat because the degree of supplier power is significant since a large portion of Ralph Lauren revenue comes from licenses over which the company has no operational control. Therefore, Ralph Lauren depends on the financial viability and operational ability of licensees.