

# Big yellow group - swot analysis case study sample

[Business](#), [Company](#)



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## **Introduction**

Big Yellow Self Storage is the largest self-storage company in UK. It has 76 operating locations in London and South East of the United Kingdom. Big Yellow provides self-storage service to both individuals and businesses (Big Yellow, 2014). Established in 1998, the company has grown into most-favored self-storage company of Londoners. The company takes pride in its revenue of £70 million and a net income of £32 million (Yahoo Finance, 2014). Big Yellow is facing some competition in recent times. This paper has given an SWOT analysis of the company.

## **Strength**

The overall rate of people travelling globally has increased in recent times with many people preferring to travel out of the country to spend their vacations. Every year many people travel out of UK and travel to UK on job reasons. Furthermore, a number of people travel within UK for the same

reason (SSA, 2012). This trend of global travelling helps in the overall growth of Big Yellow. The company has a very good operating procedure, and its net profit margin of more than 40% is almost unparalleled in any industry segment (Yahoo Finance, 2014). Big Yellow has been operating in this business segment for the last 16 years. It has garnered a lot of experiences over the years of its operation. Its presence in all the key locations across the country gives Big Yellow an edge over others. Debt equity ratio of the company being low makes it less risky investment option for the investors.

## **Weakness**

Big Yellow is mostly run by its owners but still lacks a professional corporate structure. Profitability of the company is not stable. Big Yellow shows extremely good results in some years, followed by years when it loses all of its profits. The current growth rate of the company is good, but the same being less than the industry standard presents a big concern. The number of potential customers is less for storage unit industry than other real estate industries (SSA, 2012).

## **Opportunity**

Big Yellow has a huge opportunity for expansion (SSA, 2012). Already being an established brand in London and South East side of UK, it can easily try to expand its operation to the other regions of the United Kingdom. Moreover, the impressive growth rate in the overall storage unit businesses on a global level provides Big Yellow with the opportunity to expand its operation internationally, as well. This segment has an automatic market entry barrier. The initial investment to expand business on real estate, building and

security system is large, and often the return is not immediate. This helps in reducing the competition significantly. Big Yellow already doing business in the segment has a substantial amount of investments that are earning money. It gives the company an edge over its competitors planning to enter the market. Big Yellow should try to exploit this situation fully by expanding before others do. The biggest opportunity for Big Yellow is the growing market. Most of the people do not stay at a place for their entire life. They travel from one place to another for a job and other reasons (SSA, 2012). This offers a great opportunity to Big Yellow to tap the constantly growing market.

## **Threats**

Storage Unit industry is very fragmented. There are very few big players and thousands of small local players. Local players are often very strong in their local market and pose a big threat to Big Yellow. Apart from the local players, Big Yellow also faces tough competition from the national players like Safestore Holdings Plc., Lok'nStore Group, and BizSpace Limited (SSA, 2012). Due to the economic slowdown in Europe, a number of companies have empty spaces in their storage locations and warehouses. These companies have started providing storage services. This has increased the competition and reduced the profitability. The UK government is also strengthening rules and regulations for this business segment. This is causing Big Yellow and other players to change their operating procedure. These new laws are also forcing Big Yellow to upgrade some of its warehouses and its security equipments. These extra investments are reducing the profit.

## **Conclusion**

Big Yellow is doing very well. It has continued to grow at a healthy rate in spite of the slowdown in the European market. Although the competition is growing, and profit margins are coming down, Big Yellow is in a very good space to do well in the short and medium term future.

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