

A swot analysis of microsoft

Business



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With their products' ubiquity in our everyday lives, Microsoft needs no introduction. This massive multinational technology corporation ranks 5th in the world's largest companies by market value [1], and is the number one software creator across the globe, so they must be doing something right. This SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) should provide some insight into how Microsoft's future might turn out.

Strengths

Microsoft has several important strengths, hence their survival as a company. Slowly, however, these might begin to slip away. Nevertheless, here they are:

A Huge Worldwide Reach: Microsoft has been producing quality products for over 40 years [2], and have built themselves a name doing so. Their computers and software appear in almost every household in the West, showing their immense popularity. With this, they have a great (and often loyal) customer base and a platform for advertising, through their existing products. Just look at Windows 10, which they promoted in older versions of their popular operating systems. It has already reached over 200 million installs [3], and is by default integrated with their new products like Groove, OneNote, and their own store [4].

Plenty of Capital: That Microsoft is 5th when it comes to the world's largest companies shows just how much money they must have to spend. With this, they can adopt much more aggressive marketing strategies and invest more time and money into developing great products.

A Good Track Record: With great power comes great responsibility. Microsoft may not produce much free software, but they do offer plenty of customer support options and have a line of products which generally work as advertised.

Weaknesses

Although they have a few very important strengths, Microsoft also have some weaknesses, listed below:

High Price Point: When you take into account the fact that there are desktop publishing suites like OpenOffice or operating systems like Linux available for free, you begin to realise how much Microsoft really charges. While this allows greater revenue, it certainly deters customers and could be a growing problem.

Plenty of Competition: While this will be discussed further under the topic of ‘Threats’, it’s worth mentioning now that Microsoft has plenty of competitors in the technology space. Of the four largest companies above Microsoft on the list which was mentioned early, two of them (Apple and Google) are also multinational technology companies battling Microsoft. Plenty of alternatives exist to the products that Microsoft offer.

Opportunities

Microsoft doesn’t really have any particular opportunities that other tech companies don’t, but their aforementioned strengths should allow them to spring into action if any were to arise. There are still a couple, though:

Making the most of their current standings: As mentioned, Microsoft seems to have plenty of money lying around. They have a great opportunity to develop the world's best software with their talented programmers and large chunks of money to invest.

Fully harnessing the power of their customer base: Microsoft is widely accepted by customers, so if they can bring some dynamic to the status quo, then there is plenty for them to earn. In essence, Microsoft has the ability to convert their existing customer base, who typically pay for expensive products only every few years, into more active spenders.

Threats

What with all the technology companies out there, there are quite a few threats to Microsoft:

Losing out on new markets: Let's face it, Microsoft was late for the mobile revolution [5]. Companies like Apple saw opportunity in this, and managed to capitalise on it. If Microsoft doesn't manage to stay current, its products will quickly grow out of date, and as a company they will be pushed aside.

Static pricing models: Microsoft products are typically big, expensive purchases that consumers only consider every few years. Microsoft doesn't really offer any particularly cheap products, and so lose out on market share. Unless they change this to a more modern system, they might lose out to the microtransactions other companies already employ today.

That's all there is of much importance to this SWOT analysis of Microsoft. In conclusion, it seems as though despite Microsoft's massive popularity, they

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do have some drawbacks that need ironing out if they want to survive the future. If they can find their place in today's markets, they should be able to reckon with other technology companies thanks to their huge customer base and healthy capital.

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