

# The swot analysis problems

Business



Introduction This is a critical look at the external environment during the planning process for a given program to determine the factors at play in the given program. The internal environmental factors can be categorized into Strength (S) or weaknesses (W) whereas the external factors can be classified into opportunities (O) or threats (T), hence the term SWOT derived from the initials of these factors. This analysis is done at a glance by researchers in our context to determine the forces behind the food and drink industry in Ireland. Ireland's grocery industry has a number of environmental factors affecting it.

This is expected of any industry since there is no industry that can escape such environmental conditions. This essay will endeavor to highlight the factors at play in Ireland's grocery, an umbrella term which in a nutshell encompasses areas like the food, beverage, tobacco and alcohol. Moreover, this essay will develop the problem and opportunity assessment for the analysis in order to determine the viability and improvement of the industry. A number of interesting findings are identified when we study Ireland's food and drink industry on a five year period forecast from an independent point of view although borrowing a small but significant portion from research by local and international food and drink companies in Ireland. The apparent trends on consumption, sales, expenditure, exports and imports are highlighted. The ranking of companies and competitive landscape encompassing the leading national and multinational food companies as well as the emerging trends and development of regulatory measures are studied and justified through the research findings.

A look at these factors is an important background for the SWOT analysis since it provides a general outlook on all the features of SWOT. Information on the competition in the industry which is a good opportunity (O) for Ireland is provided in order to decide on the regulatory measures to be taken by the government in order to make the competition favorable for all the industry players rather than leave the competition to be at the mercy of the market forces of supply and demand which at times is unfavorable to some players in the same industry. In this context the competition is seen as a threat (T) whereby the competitors in the industry view each other as ‘enemies’ rather than ‘rivals’ in business. The SWOT analysis provides information that is helpful in matching the firm’s resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection. The following diagram shows how a SWOT analysis fits into an environmental scan: In Ireland, the key stakeholders and players in the grocery sector include the following companies: Kerry Group, Lidl, Aldi and Green core, Tesco Ireland and C.

These companies and others compete favorably and at times fiercely to maintain competitive advantage in the market leadership in the industry. The SWOT analysis is important for each of these players to determine the economic viability of their venture into the grocery industry which is dynamic and competitive. Strengths The strengths of Ireland’s grocery industry are the significant attributes that help achieve the set objectives- mainly of satisfying the customers and gaining competitive advantage, by the various key industry players. There has been a revolution in online shopping for groceries in Ireland. Tesco Ireland has emerged as the largest grocery store

with the widest coverage in towns all over the country. It is now convenient to order the brand you like since it is delivered quickly no matter how many times you need the same brand or different brands, thanks to the undying efforts of Tesco and other grocery retail companies.

Bulk buying has been enabled by the revolution of online shopping.

Customers are now able to save plenty of time and money by the reduction of many shopping trips to the stores by the development of online shopping since they are able to access whatever they need by just clicking the items the need in the respective websites. Customers can order things like beer, wine, juices, cereals, canned food and burgers in plenty and be charged in only one delivery for their party needs or even clubbing. This indeed saves the need to go to the stores on several rounds to get what you had forgotten. The grocery stores like Mother care, Tesco offers a wide range of products including non-food items like DVD, Video, flowers and Books which have its brand name, “ Tesco,” which are easily accessed in the easy to access website. These brand names are major strengths that the company uses in marketing their products all over the country.

The names become more popular and are spread and recited like anthems leading to the increase in sales for the company (Brassigton, Pettit, 2006). Occasionally, Tesco provides offers on moneyoff vouchers that helps customers buy products easily and gain bonus points as well as freebies in order to keep them attracted to the company. This initiative helps to create a good rapport between the clients and the company leading to the improvement of the company’s reputation and the subsequent expansion of the company due to great sales of the groceries. All the companies have <https://assignbuster.com/the-swot-analysis-problems/>

natural resources which they use as raw material available to them. These raw materials are invaluable to the companies since their services of the companies are not practical without them. For example, food crops and livestock are important resources needed for the survival of the grocery industry.

A proper access to the channels of distribution of the grocery products all over the country is strength for the companies. All the key players in this industry have distribution stores that ensure their products are delivered promptly to the customers. Weakness The weaknesses in Ireland's grocery industry are the attributes that limit the achievement of the set goals by the key industry players. The weakness of the Pound Sterling to the dollar which is beyond the control of the companies is a major weakness for the grocery industry. The industries try their best to provide price cuts in order to offset the economic imbalance brought about by the weakness of the Pound Sterling to the euro coupled with the recent global economic recession that adversely hit the industry making it less lucrative since excessive price cuts are introduced to rectify the situation (Ireland, Hoskisson & Hitt, 2008). Some companies in the grocery industry do not offer online services.

Such companies like "Supervalu," face an uphill task in keeping abreast with companies which offer online services. This is despite the fact that they offer since the new online services have changed the customers shopping preference therefore expect the companies to respond to their needs. This is indeed a weakness since it indicates the slow response of such a big company when events call for the need for online services to ensure convenience in regards to satisfying their needs. The grocery industry is a <https://assignbuster.com/the-swot-analysis-problems/>

very costly industry. Firms that wish to engage in this market must be ready to invest a great deal in this very competitive venture.

The discounts provided to the clients are at times very costly to the concerned company if no significant improvement is made on the sales of the products. Uncertainties are also characteristics of the grocery industry. Market forces brought by the mechanism of supply and demand forces affect the grocery industry. The clients can change their preference of one product in favor of another at any time notwithstanding their earlier commitment to the old product if the old products do not meet their taste needs. .

The clients shift their taste preference depending on the quality of products produced (Brassigton & Pettit, 2006). Opportunities The opportunities for Ireland's grocery industry are the external conditions which are useful and supportive in achieving the set goals. There is a wide market for the grocery products in Ireland that can sustain all the rival companies and even more. A number of towns in Ireland have a population who love grocery products. These towns include: Cavan Clonmel Cork, Ashbourne, Bray, Carlow Castlebar Celbridge, Douglas, Dun Laoghaire, Letterkenny , Newbridge, Dublin, Finglas, Galway , Gorey, Greystones, Midleton, Waterford,, Longford, Lucan, Mallow, Maynooth, Limerick, Moate , Trim , Athlone, Mullingar, Naas, Navan, , Portlaoise, Mitchelstown, Roscrea, Tralee, Tullamor and Wicklow.

This large number of towns shows that the market for groceries is attractive. The grocery retail companies have at their disposal a wide market which they can take advantage of in order to make maximum profits and boost their sales and expansions, (Ireland, Hoskisson& Hitt, 2008). The government

of Ireland and its people accord the grocery companies a fair level field and environment for them to carry on with their businesses. The government provides proper regulations that do not limit the companies from effective operation while the people sample all the products of the different companies in order to determine the products that satisfy their needs the most. The fair regulations provide an ample environment for all the stakeholders in the grocery industry to favorably compete for the achievement of competitive advantage and expansion of their venture through the satisfaction of the clients needs (Bohm, 2009). There are no international trade barriers in Ireland that limit the indulgence of multinational and international company from engagement in the grocery trade.

This provides an opportunity for any company from any country that has interests in engaging in the grocery industry to legally conduct its operation without any problem. Threats The threats to Ireland's grocery industry are the external conditions that are capable of damaging the set objectives and consequently render the venture in the industry useless. One major threat to the industry is the shift in the economic conditions both locally and globally mostly attributed to market forces and financial institutions like the banks. The most sited case is the recent deep recession that hit the Irish grocery market and industry-that was once the most attractive and dynamic in Europe rendering it less lucrative. The industry had avid customers who loved shopping for food and drink but now, this same clients, have become more price conscious and have cut back on their spending on food and drink (Bohm, 2009).

The economy of Ireland shrunk in 2008 and 2009 a sharp contrast to the high growth experience during the year 2007. The contraction of the economy is attributed to the boom in the construction and housing industry coupled with the decrease in demand for Ireland's exports as the economic situations of her major trading partners namely, the UK, Euro zone and the US were adversely affected by the recent global economic recession. This threat is the most cited problem to the industry. A number of initiatives have been taken by key industry players to save face and try to lessen the downfall of the grocery industry caused by the rising consumer concern about the prices. There were plans to cut down the prices for the benefit of the customers.

However, ' Super Values' Supermarkets made public its intention not to remove any Irishman from job as it slashed down the prices its wide variety of products. Tesco Ireland, the biggest grocery retailer in the country, also undertook a timely measure by announcing plans to lower its prices by a significant amount so as to prevent its customers at the border from shifting to stores in Northern Ireland that were offering reduced prices. The company also promised to reduce prices in all its stores countrywide (Fine, 2009).

Several other companies such as Lidl- the German company that provides discounts also announced having cut prices in its wide product range in all stores in Ireland. Aldi-also from Germany announced a massive investment in order to boost its survival by opening new branches and a distribution center.

Spar Ireland, on its part, launched a hugely expensive promotion campaign for its uniquely branded goods that was to extend to all of its stores country



wide. The problem is worsened by the strength of the euro against the pound sterling rendering the exports by Ireland to UK less competitive despite the fact that UK is Ireland's greatest trading partner. It is in fact predicted that the conditions would become even worse in coming years as clients continue to be more price conscious and grocery retailers engage in price cuttings on a wide range of products. Conclusion SWOT analysis is an important tool for determining the practicability of a firm's program at a glance. The internal and the external conditions are taken into account to determine the overall forces at play in the program in order to decide on the corrective or maintenance measure to be taken. The SWOT analysis therefore provides relevant information for balancing the capacities and resources of various industry players to this competitive environment (Fine, 2009).

The grocery industry in Ireland is an interesting topic for study using the SWOT analysis technique. A number of features are found to be at play in this industry which determines the development of a company if harnessed properly or the total collapse of a company if abused by the particular company. A number of problems are seen in the grocery industry can be addressed in advance to help make the business viable. For example if there are too many competitors, the government of Ireland can come up with harsh regulatory measures in order to reduce the amount of players in the grocery industry and make the remaining companies enjoy full benefits that were lacking due to unfavorable conditions brought by excess players.