

Swot analysis essay sample

[Business](#), [Marketing](#)



SWOT Analysis

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. SWOT analysis is a simple framework for generating strategic alternatives from a situation analysis. It is applicable to either the corporate level or the business unit level and frequently appears in marketing plans.

Situation Analysis

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Internal Analysis External Analysis

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Strengths Weaknesses Opportunities Threats

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SWOT Profile

Internal Analysis

The internal analysis is a comprehensive evaluation of the internal environment's potential strengths and weaknesses. Factors should be evaluated across the organization in areas such as:

- Company culture
- Company image
- Organizational structure
- Key staff
- Access to natural resources
- Position on the experience curve

- Operational efficiency
- Operational capacity
- Brand awareness
- Market share
- Financial resources
- Exclusive contracts
- Patents and trade secrets

External Analysis

An opportunity is the chance to introduce a new product or service that can generate superior returns. Opportunities can arise when changes occur in the external environment. Many of these changes can be perceived as threats to the market position of existing products and may necessitate a change in product specifications or the development of new products in order for the firm to remain competitive. Changes in the external environment may be related to:

- Customers
- Competitors
- Market trends
- Suppliers
- Partners
- Social changes
- New technology
- Economic environment
- Political and regulatory environment

SWOT Analysis chart

STRENGTH

- 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.

- WEAKNESS
- 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.

OPPORTUNITY

- 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 develop market such as the Internet.

- THREAT
- 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.
- A new competitor in your home market.

SWOT Analysis Nike, Inc.

Strengths.

- Nike is a very competitive organization. Phil Knight (Founder and CEO) is often quoted as saying that ‘ Business is war without bullets.’ Nike has a healthy dislike of its competitors. At the Atlanta Olympics, Reebok went to the expense of sponsoring the games. Nike did not. However Nike sponsored the top athletes and gained valuable coverage.
- Nike has no factories. It does not tie up cash in buildings and manufacturing workers. This makes a very lean organization. Nike is strong at research and development, as is evidenced by its evolving and innovative product range. They then manufacture wherever they can produce high quality product at the lowest possible price. If prices rise, and products can be made more cheaply elsewhere (to the same or better specification), Nike will move production.
- Nike is a global brand. It is the number one sports brand in the World. Its famous ‘ Swoosh’ is instantly recognizable, and Phil Knight even has it tattooed on his ankle.

Weaknesses.

- The organization does have a diversified range of sports products. However, the income of the business is still heavily dependent upon its share of the footwear market. This may leave it vulnerable if for any reason its market share erodes.
 - The retail sector is very price sensitive. Nike does have its own retailer in Nike Town. However, most of its income is derived from selling into retailers. Retailers tend to offer a very similar experience to the consumer. Can you tell one sports retailer from another? So margins tend to get squeezed as retailers try to pass some of the low price competition pressure onto Nike.
- #### Opportunities.

- Product development offers Nike many opportunities. The brand is fiercely defended by its owners whom truly believe that Nike is not a fashion brand. However, like it or not, consumers that wear Nike product do not always buy it to participate in sport. Some would argue that in youth culture especially, Nike is a fashion brand. This creates its own opportunities, since product could become unfashionable before it wears out i. e. consumers need to replace shoes.
- There is also the opportunity to develop products such as sport wear, sunglasses and jewellery. Such high value items do tend to have associated with them, high profits.
- The business could also be developed internationally, building upon its strong global brand recognition. There are many markets that have the disposable income to spend on high value sports goods. For example, emerging markets such as China and India have a new richer generation of consumers. There are also global marketing events that can be utilized to support the brand such as the World Cup (soccer) and The Olympics.

Threats.

- Nike is exposed to the international nature of trade. It buys and sells in different currencies and so costs and margins are not stable over long periods of time. Such an exposure could mean that Nike may be manufacturing and/or selling at a loss. This is an issue that faces all global brands.
- The market for sports shoes and garments is very competitive. The model developed by Phil Knight in his Stamford Business School days (high value branded product manufactured at a low cost) is now commonly used and to an extent is no longer a basis for sustainable competitive advantage.

Competitors are developing alternative brands to take away Nike's market share. •As discussed above in weaknesses, the retail sector is becoming price competitive. This ultimately means that consumers are shopping around for a better deal. So if one store charges a price for a pair of sports shoes, the consumer could go to the store along the street to compare prices for the exactly the same item, and buy the cheaper of the two. Such consumer price sensitivity is a potential external threat to Nike.

SWOT Analysis Indian Premier League (IPL)

Strengths

- The Indian Premier League (IPL) is based upon the Twenty20 cricket game which should be completed in 2 ½ hours. That means that is fast-paced and exciting, and moreover it can be played on a weekday evening or weekend afternoon. That makes it very appealing as a mass sport, just like American Football, Basketball and Soccer. It is appealing as a spectator sport, as well to TV audiences.
- The IPL has employed economists to structure its lead so that revenue is maximized. The more unified the sport, the more successful it is.

Weaknesses

- Twenty20 has been so popular that it could replace other forms of cricket i. e. damage the game that generated it.
- Some fans will also have to pay for travel to the ground. There may be large queues for the most popular games. There may be some distance between where the fan lives and the cricket ground.
- Stakes are very high! Some teams may not weather short-term failures and may be too quick to get rid of key managers and players if things don't go well quickly. Famously, Royal Challengers Bangalore (RCB)

sacked their CEO Charu Sharma for watching his team lose 6 from their first 8 games. •Some teams have overpriced their advertising/sponsorship in order to gain some short-term returns (e. g. Royal Challengers), and some sponsors and are moving their investment the more reasonably priced teams. Opportunities

- Since it has a large potential mass audience, IPL is very attractive as a marketing communications opportunity, especially for advertisers and sponsors.
- The league functions under a number of franchises. Each franchisee is responsible for marketing its team to gain as large a fan-base as possible. The long-term success of all of the franchises lies in the generation of a solid fan-base. The fan-base will generate large TV revenues.
- Different fans will pay different amounts to watch their sport. There will be corporate hospitality, season tickets, away tickets, TV pay-per-view and other ways to segment the market for the IPL.
- There is a huge opportunity for merchandising e. g. sales of shirts, credit cards and other fan memorabilia. Grounds can also sell refreshments and other services during the games.
- Marketers believe that the teenage segments need to be targeted so that they become the long-term fan-base. Their parents and older cricket fans may prefer the longer, more traditional game. The youth market may also impress on their parents that they want them to buy their club's merchandise on their behalf – as a differentiator or status symbol.
- Franchise fees will remain fixed for the up until 2017-18, which means that the investment is safe against inflation which is traditionally relatively high in India

. Threats

- The level of competition that the Board of Control for Cricket in India (BCCI) can generate determines long-term viability of the league. If the level of competition drops, then revenue will fall. For example, if the top names in cricket cannot be attracted to India, the appeal of the game will fall. Often getting hold of the big names is a problem – Australian domestic cricket runs concurrent with the IPL and if players move from Australia to India to follow the money then their domestic game will be hit. This is known as ‘ Free Agency.’
- If the franchisee’s fan-base does not generate income then they may not have the cash to pay the salaries of the best players. However, if you invest in the best players and they do not win the trophies, then you may not see a return on your investment. It won’t be a quick return on investment – so owners need to be in it for the long-term.
- Franchises are very expensive. The most expensive franchise – Mumbai Indians – was bought by Mukesh Ambani for \$111. 9 million, whereas the lowest priced franchise – Rajasthan Royals was picked up by Manoj Badale for a mere \$67 million.
- The most highly priced teams may not be those that have the early success. Revenues will come from the most highly supported teams.

Analysis Bharti Airtel

Strengths

- Bharti Airtel has more than 65 million customers (July 2008). It is the largest cellular provider in India, and also supplies broadband and telephone services – as well as many other telecommunications services to both domestic and corporate customers.

- Other stakeholders in Bharti Airtel include Sony-Ericsson, Nokia – and Sing Tel, with whom they hold a strategic alliance. This means that the business has access to knowledge and technology from other parts of the telecommunications world.
- The company has covered the entire Indian nation with its network. This has underpinned its large and rising customer base. Weaknesses
- An often cited original weakness is that when the business was started by Sunil Bharti Mittal over 15 years ago, the business has little knowledge and experience of how a cellular telephone system actually worked. So the start-up business had to outsource to industry experts in the field.
- Until recently Airtel did not own its own towers, which was a particular strength of some of its competitors such as Hutchison Essar. Towers are important if your company wishes to provide wide coverage nationally.
- The fact that the Airtel has not pulled off a deal with South Africa's MTN could signal the lack of any real emerging market investment opportunity for the business once the Indian market has become mature. Opportunities
- The company possesses a customized version of the Google search engine which will enhance broadband services to customers. The tie-up with Google can only enhance the Airtel brand, and also provides advertising opportunities in Indian for Google.
- Global telecommunications and new technology brands see Airtel as a key strategic player in the Indian market. The new iPhone will be launched in India via an Airtel distributorship. Another strategic partnership is held with BlackBerry Wireless Solutions.
- Despite being forced to outsource much of its technical operations in the early days,

this allowed Airtel to work from its own blank sheet of paper, and to question industry approaches and practices – for example replacing the Revenue-Per-Customer model with a Revenue-Per-Minute model which is better suited to India, as the company moved into small and remote villages and towns.

- The company is investing in its operation in 120, 000 to 160, 000 small villages every year. It sees that less well-off consumers may only be able to afford a few tens of Rupees per call, and also so that the business benefits are scalable – using its ‘ Matchbox’ strategy.
- Bharti Airtel is embarking on another joint venture with Vodafone Essar and Idea Cellular to create a new independent tower company called Indus Towers. This new business will control more than 60% of India’s network towers. IPTV is another potential new service that could underpin the company’s long-term strategy. Threats
- Airtel and Vodafone seem to be having an on/off relationship. Vodafone which owned a 5. 6% stake in the Airtel business sold it back to Airtel, and instead invested in its rival Hutchison Essar. Knowledge and technology previously available to Airtel now moves into the hands of one of its competitors.
- The quickly changing pace of the global telecommunications industry could tempt Airtel to go along the acquisition trail which may make it vulnerable if the world goes into recession. Perhaps this was an impact upon the decision not to proceed with talks about the potential purchase of South Africa’s MTN in May 2008. This opened the door for talks between Reliance Communication’s Anil Ambani and MTN, allowing a competing Indian industrialist to invest in the new emerging African telecommunications market.