

# Swot analysis for gymboree



Introduction: The Gymboree Corporation is a specialty retailer dealing in high-quality apparel. The company is known to be operating in more than one country, providing services in the USA, Canada and Puerto Rico. The major chunk of the company's activities is carried out in regional shopping malls and plazas. The firm's vision statement aims to reach every mom in America and all over the world. (Gymboree Annual Report, 2009)

In the next part of the report, we are going to try finding out the company's strengths, weaknesses, opportunities and threats. This will help us determine the position that the company holds in the market and what can be done to improve its current position.

#### Strengths:

Strengths are characterized as internal endowment of the firm that gives it the unique position in the market.

The Gymboree Corporation has number of strengths:

- 1) Size of the Company: Gymboree Corporation runs more than 900 retail stores. This gives the firms an edge over its competitors and allows the company to operate on a large scale enjoying the economies of scale.
- 2) Multinational Operations: The firm is found to be present in more than one country. This means that the firm does not have all its eggs in one basket and it can weather the storm by offsetting a plummeting demand effect in one country against booming demand in another.
- 3) Not dependent on one large supplier: The firm's supplies come from India, China, Indonesia and other countries. This saves the firm from relying heavily on one large supplier and hence suppliers cannot put unnecessary stress on the company. (Daft, 1994)

#### Weaknesses:

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Weakness can be characterized as internal failure of a company, which can be changed to improve the company's position in the market.

1) Heavy Dependence on One Major Buying Agent: One buying agent of the company manages 90% of the firm's inventory purchases. This means that if some goes wrong with this buying agent, the entire business will suffer

2) Computer Dependence: The firm's operations are highly mechanized. The firm is characterized by extensive use of computer. However, any computer failure can cost the firm dearly as the entire firm's processes are dependent on computerized instructions.

Opportunities:

Improvement in Communication and Transportation Facilities: In the last few years, the improvement in the infrastructural facilities has helped the company to receive its supplies on time and instructions to the suppliers can now be made quickly due to ever improving communication facilities.

E-Commerce: Improvement in information technology has helped the company to sell online. This is reflected in the company's financial statements which now show increase in the profits as compare to the last few years. It has helped the company to sell in countries where it is not physically present. (Chrystal and Lipsey, 2003)

Threats:

Economic Recession: Economic recession in the last few years meant that the firm was not able to meet its predicted targets of growth and profitability. In other words, the firm is lagging behind its targets for growth and profitability. (Kotler and Armstrong, 2004).

Intellectual Property Law: In countries where the business legislation is weak, the company can lose its trademarks and copyrights. This will mean that firm

cannot effectively enter that market and will lag behind its targets for growth and profitability.

References:

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