



# SWOT Analysis

*Why?*

*What?*

*When?*

*How?*

*Who?*

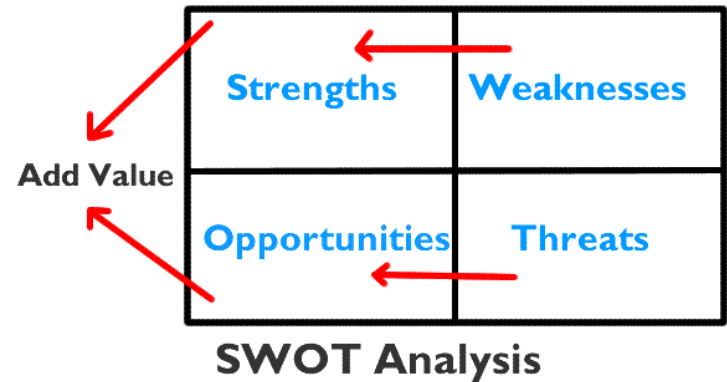
*Really?*

# What is SWOT?

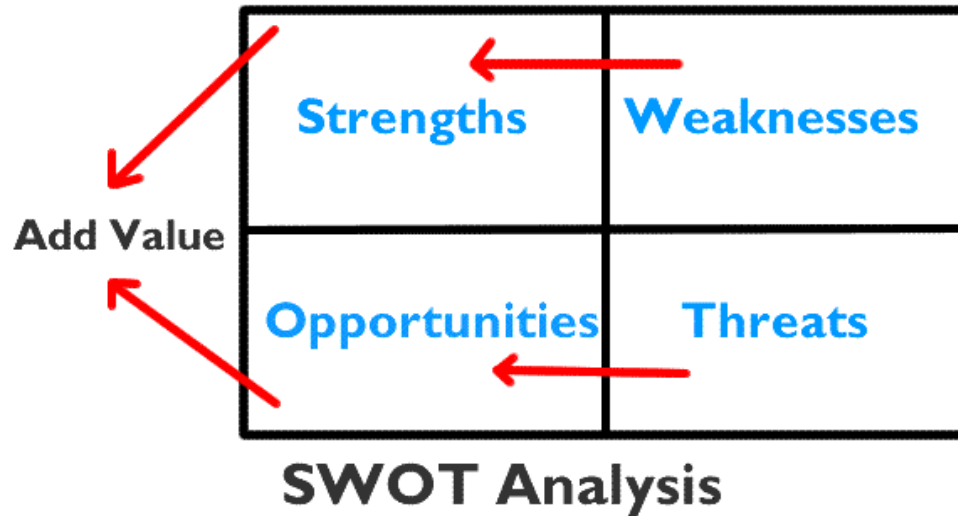
- Tool for auditing an organization and its environment
- First stage of planning
- Helps marketers to focus on key issues.
- **SWOT** stands for Strengths, Weaknesses, Opportunities, and Threats.
- Strengths & Weaknesses = *INTERNAL* factors
- Opportunities & Threats = *EXTERNAL* factors

# Who Uses It & How?

- Managers of a business
- Used to:
  - build on strengths
  - minimize weaknesses
  - seize opportunities
  - counteract threats
- Focus on turning weaknesses into strengths, and our threats into opportunities (feeds into marketing objectives).
- Match internal strengths with external opportunities



# Why Use It?



- The main purpose of a SWOT analysis is to **add value** to products and services
- Doing this can help a business recruit new customers, retain loyal customers, and extend products and services to customer segments over the long-term.

# When to Use It?

- At least once per year
- When individual issues need to be addressed:
  - staffing issues
  - business culture and image
  - organizational structure
  - advertising
  - financial resources
  - operational efficiency

# Are You Getting It??

- What does SWOT stand for?
- Which elements of SWOT are external factors?
- Who uses a SWOT?
- How is SWOT used in a business?
- What is the main purpose of a SWOT?
- When should a SWOT Analysis be performed?

# **A SWOT strength could be:**

- Special marketing (or other) expertise
- A new, innovative product or service
- Location of a business
- Being a market leader
- Quality processes and procedures
- Any other aspect of a business that adds value to the product or service

# Which one is a **STRENGTH** for McDonald's?

A—Unhealthy food

B—Lawsuits against McDonald's

C—The idea to add home meal delivery

D—Having the largest fast food market share in the world



**Answer:**

**D**

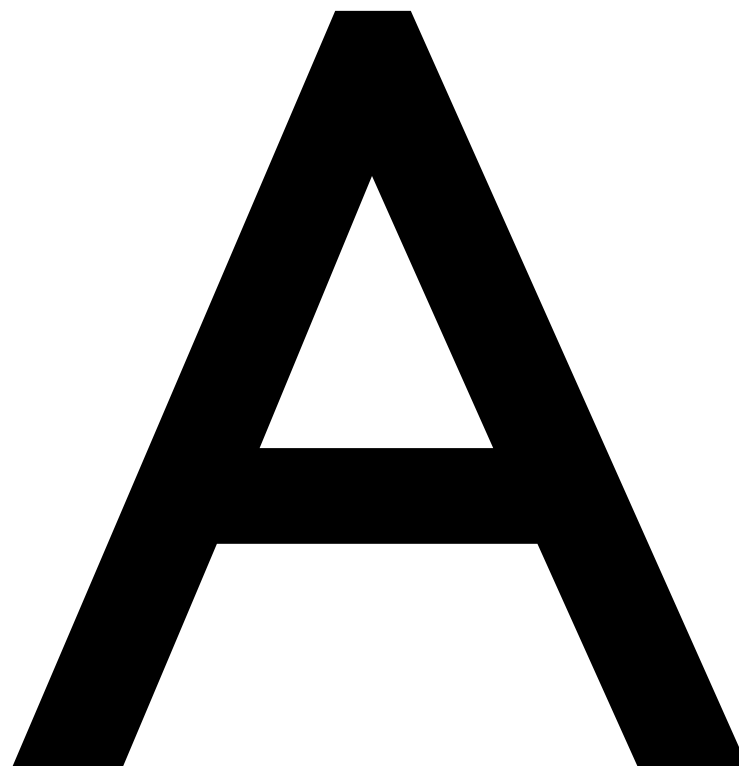
# **A SWOT weakness could be:**

- Lack of marketing (or other) expertise
- Undifferentiated products or services (i.e. in relation to your competitors)
- Location of your business
- Poor quality goods or services
- Price that is too high
- Damaged reputation

# Which one is a **WEAKNESS** for McDonald's?

- A—High employee turnover
- B—Lawsuits against McDonald's
- C—\$2 million advertising budget
- D—Changing customer habits and new customer groups

**Answer:**



# **A SWOT opportunity could be:**

- A developing market such as the Internet
- 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
- Technology

# Which one is an OPPORTUNITY for McDonald's?

- A—Local fast food restaurant chains
- B—The idea to add home meal delivery
- C—Partnerships with many big brand names
- D—Negative publicity

**Answer:**

**B**

# **A SWOT threat could be:**

- A new competitor in your home market
- Price wars with competitors
- A competitor has a new, innovative product or service
- Competitors with superior access to channels of distribution
- Taxation is introduced on your product or service
- Changes in technology
- Weather
- Regulation & deregulation



# Which one is a **THREAT** for McDonald's?

A—An unhealthy food menu

B—Brand recognition valued at \$40 billion

C—Creating new menu items for changing customer habits and new customer groups

D—Trend towards healthy eating

**Answer:**

**D**

# Simple Rules for a Successful SWOT Analysis

- Be realistic about the strengths and weaknesses of your organization.
- It should distinguish between where your organization is today, and where it could be in the future.
- Be specific--avoid grey areas.
- Always apply SWOT in relation to your competition (i.e. better than or worse than your competition).
- KISS! Keep it short and simple 😊--avoid complexity and over analysis
- SWOT analysis is subjective.





**Let's Practice!!**