

SWOT Analysis: Lesson

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.



Strengths and weaknesses are **internal** factors. For example:

A strength could be:

- 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.

A weakness could be:

- 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

Opportunities and threats are **external** factors. For example:

An 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

A threat could be:

- a new competitor in your home market
- 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 word of caution, SWOT analysis can be very subjective. Do not rely on it too much. Two people rarely come-up with the same final version of SWOT. TOWS analysis is extremely similar. It simply looks at the negative factors first in order to turn them into positive factors. So use it as guide and not a prescription.

Simple rules for successful SWOT analysis

- be realistic about the strengths and weaknesses of your organization
- analysis should distinguish between where your organization is today, and where it could be in the future
- be specific. Avoid grey areas.
- always analyse in relation to your competition i.e. better than or worse than your competition
- keep your SWOT short and simple. Avoid complexity and over analysis
- SWOT is subjective.

SWOT Analysis - Exercise.

Highly Brill Leisure Center



Highly Brill Leisure Center has hired you to help them with their marketing decision making. Perform a SWOT analysis on Highly Brill Leisure Center, based upon the following issues:

1. The Center is located within a two-minute walk of the main bus station, and is a fifteen-minute ride away from the local railway station.
2. There is a competition standard swimming pool; although it has no wave machines or whirlpool equipment as do competing local facilities.
3. It is located next to one of the largest shopping centers in Britain.
4. It is one of the oldest centers in the area and needs some cosmetic attention.
5. Due to an increase in disposable income over the last six years, local residents have more money to spend on leisure activities.
6. There has been a substantial decrease in the birth rate over the last ten years.
7. In general people are living longer and there are more local residents aged over fifty-five now than ever before.
8. After a heated argument with the manager of a competing leisure center, the leader of a respected local scuba club is looking for a new venue.
9. The local authority is considering privatizing all local leisure centers by the year 2000.
10. Press releases have just been issued to confirm that Highly Brill Leisure Center is the first center in the area to be awarded quality assurance standard BS EN ISO 9002.
11. A private joke between staff states that if you want a day-off from work that you should order a curry from the Center's canteen, which has never made a profit.
12. The Center has been offered the latest sporting craze.
13. Highly Brill Leisure Center has received a grant to fit special ramps and changing rooms to accommodate the local disabled.
14. It is widely acknowledged that Highly Brill has the best-trained and most respected staff of all of the centres in the locality