SWOT Analysis

Complete Marketing Modules Series available at: http://hortmgt.gomez.dyson.cornell.edu/Marketing-Modules.html
SWOT Analysis is:

“the evaluation of the internal factors (strengths & weaknesses) and external factors (opportunities & threats) that are favorable or unfavorable to a firm in the pursuit of a specific objective”
Internal Factors: Strengths & Weaknesses

Encompasses aspects such as: personnel, firm’s culture, finance, manufacturing capabilities, the 4Ps, etc..

External Factors: Opportunities & Threats

Relate to the opportunities and threats posed by the macro- and micro-environments. The macro-environment includes demographic, economic, technological, political, legal, social and cultural factors, etc. The micro-environment includes the customers, competitors, distributors and suppliers.
Examples of Strengths

• Strong brand portfolio (Heinz)
• Strong Research & Development (Nestle)
• Rigorous food safety standards (McDonald’s)
• High-quality food (Whole Foods)
• Sales in approximately 160 countries (Kraft Foods)
• Global coffee brand built on reputation for fine products and services (Starbucks)
Examples of Weaknesses

- Selling products across many sectors (e.g. clothing, food, hardware, etc.) may prevent having the flexibility of its more focused competitors (Walmart)
- Difficulty finding and retaining employees (McDonald’s)
- Customer loyalty lacking (Whole Foods)
- Revenues heavily concentrated in the U.S. (Campbell’s Soup)
- No franchised operations (Darden Restaurants)
- Product pricing - expensive (Starbucks)
Examples of Opportunities

• Co-branding with other food and drink manufacturers (Starbucks)
• U.S. economic slowdown shifting consumer habits from restaurants to retail food stores (Campbell’s Soup)
• Positive environmental commitments (McDonald’s)
• Continue with strategy of building large supercenters (Walmart)
• Further international expansion (Heinz)
• Continuous growth in the U.S. market (Nestle)
• Potential to increase production volumes via exports to growing Hispanic segment in the U.S. (Grupo Herdez – Mexico)
Examples of Threats

- Volatile resource costs - i.e. sugar, corn (Kraft Foods)
- Sluggish growth of carbonated drinks (Pepsi)
- Private label growth (Procter & Gamble)
- Increasing labor costs (Darden Restaurants)
- Changing consumer habits towards healthier food choices (Domino’s Pizza)
- Pressure from unions (Walmart)
- Government regulations (Coca-Cola)
Who uses SWOT Analysis and how?
# SWOT Analysis - Campbell’s Soup

## Strengths
- Strong brand equity
- Diversified geographic operations
- Leading position in core category
- Robust financial performance

## Weaknesses
- Revenues heavily concentrated on Walmart

## Opportunities
- Emerging markets expansion
- Higher demand for organic products
- Continued product innovation
- U.S. economic slowdown shifting consumer habits from restaurants to retail food stores

## Threats
- Private label growth and customer acceptance
- Increasing commodity costs

Source: http://www.wikiswot.com/3_Consumer_Packaged_Goods_(CPGs)/Campbell_Soup.html
# SWOT Analysis - Starbucks

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>• High visibility locations to attract customers</td>
<td>• Lack of internal focus (too much focus on expansion)</td>
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<tr>
<td>• Value and motivated employees – good work environment</td>
<td>• Self-cannibalization</td>
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<tr>
<td>• Good relationship with suppliers</td>
<td>• Cross-functional management</td>
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<tr>
<td>• Customer base loyalty</td>
<td>• Product pricing (expensive)</td>
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<td></td>
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<tr>
<td>Opportunities</td>
<td>Threats</td>
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<tr>
<td>• Expansion into retail operations</td>
<td>• Ever-increasing number of competitors</td>
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<tr>
<td>• Technological advances</td>
<td>• U.S. market saturation</td>
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<tr>
<td>• New distribution channels (delivery)</td>
<td>• Coffee price volatility in producing countries</td>
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<tr>
<td>• Continued domestic expansion</td>
<td>• Consumer trends towards more healthy beverages and away from caffeine</td>
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<td>• Emerging international markets</td>
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# SWOT Analysis - Darden Restaurants

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
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<tbody>
<tr>
<td>• Diverse restaurant product portfolio</td>
<td>• No franchise operations</td>
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<tr>
<td>• Restaurants target wide variety of household incomes</td>
<td>• Concentrated in U.S. only, no international operations</td>
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<td>• Owns most of its restaurants</td>
<td>• Not taking advantage of the best talent for management positions</td>
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<td>• Strong brand recognitions</td>
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<table>
<thead>
<tr>
<th><strong>Opportunities</strong></th>
<th><strong>Threats</strong></th>
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</thead>
<tbody>
<tr>
<td>• Restaurant concentration in key tourist markets</td>
<td>• U.S. consumer slowdown</td>
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<tr>
<td>• Industry consolidation (smaller players disappearing in tough economic environment)</td>
<td>• Changing consumer habits: people eating at home more often</td>
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<tr>
<td>• Real estate weakness in US – potential acquisitions</td>
<td>• Intense competition</td>
</tr>
<tr>
<td></td>
<td>• Increasing labor costs</td>
</tr>
</tbody>
</table>

Source: http://www.wikiswot.com/