

SWOT Analysis - Definition, Advantages and Limitations

SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. By definition, Strengths (S) and Weaknesses (W) are considered to be internal factors over which you have some measure of control. Also, by definition, Opportunities (O) and Threats (T) are considered to be external factors over which you have essentially no control.

SWOT Analysis is the most renowned tool for audit and analysis of the overall strategic position of the business and its environment. Its key purpose is to identify the strategies that will create a firm specific business model that will best align an organization's resources and capabilities to the requirements of the environment in which the firm operates.

In other words, it is the foundation for evaluating the internal potential and limitations and the probable/likely opportunities and threats from the external environment. It views all positive and negative factors inside and outside the firm that affect the success. A consistent study of the environment in which the firm operates helps in forecasting/predicting the changing trends and also helps in including them in the decision-making process of the organization.

An overview of the four factors (Strengths, Weaknesses, Opportunities and Threats) is given below-

1. **Strengths** - Strengths are the qualities that enable us to accomplish the organization's mission. These are the basis on which continued success can be made and continued/sustained.

Strengths can be either tangible or intangible. These are what you are well-versed in or what you have expertise in, the traits and qualities your employees possess (individually and as a team) and the distinct features that give your organization its consistency.

Strengths are the beneficial aspects of the organization or the capabilities of an organization, which includes human competencies, process capabilities, financial resources, products and services, customer goodwill and brand loyalty. Examples of organizational strengths are huge financial resources, broad product line, no debt, committed employees, etc.

2. **Weaknesses** - Weaknesses are the qualities that prevent us from accomplishing our mission and achieving our full potential. These weaknesses deteriorate influences on the organizational success and growth. Weaknesses are the factors which do not meet the standards we feel they should meet.

Weaknesses in an organization may be depreciating machinery, insufficient research and development facilities, narrow product range, poor decision-making, etc. Weaknesses are controllable. They must be minimized and eliminated. For instance - to overcome obsolete machinery, new machinery can be purchased. Other examples of organizational weaknesses are huge debts, high employee turnover, complex decision making process, narrow product range, large wastage of raw materials, etc.

3. **Opportunities** - Opportunities are presented by the environment within which our organization operates. These arise when an organization can take benefit of conditions in its environment to plan and execute strategies that enable it to become more profitable. Organizations can gain competitive advantage by making use of opportunities.

Organization should be careful and recognize the opportunities and grasp them whenever they arise. Selecting the targets that will best serve the clients while getting desired results is a difficult task. Opportunities may arise from market, competition, industry/government and technology. Increasing demand for telecommunications accompanied by deregulation is a great opportunity for new firms to enter telecom sector and compete with existing firms for revenue.

4. **Threats** - Threats arise when conditions in external environment jeopardize the reliability and profitability of the organization's business. They compound the vulnerability when they relate to the weaknesses. Threats are uncontrollable. When a threat comes, the stability and survival can be at stake. Examples of threats are - unrest among employees; ever changing technology; increasing competition leading to excess capacity, price wars and reducing industry profits; etc.



Advantages of SWOT Analysis

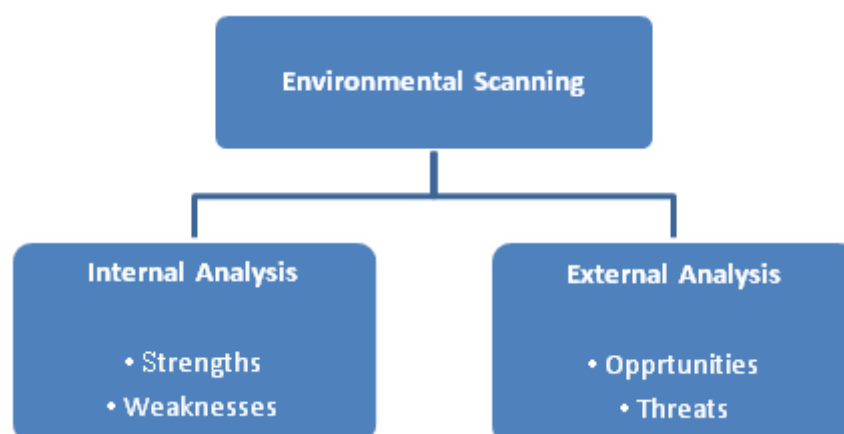
SWOT Analysis is instrumental in strategy formulation and selection. It is a strong tool, but it involves a great subjective element. It is best when used as a guide, and not as a prescription. Successful businesses build on their strengths, correct their weakness and protect against internal weaknesses and external threats. They also keep a watch on their overall business environment and recognize and exploit new opportunities faster than its competitors.

SWOT Analysis helps in strategic planning in following manner-

- a. It is a source of information for strategic planning.
- b. Builds organization's strengths.
- c. Reverse its weaknesses.
- d. Maximize its response to opportunities.
- e. Overcome organization's threats.
- f. It helps in identifying core competencies of the firm.
- g. It helps in setting of objectives for strategic planning.
- h. It helps in knowing past, present and future so that by using past and current data, future plans can be chalked out.

SWOT Analysis provide information that helps in synchronizing the firm's resources and capabilities with the competitive environment in which the firm operates.

SWOT ANALYSIS FRAMEWORK



Limitations of SWOT Analysis

SWOT Analysis is not free from its limitations. It may cause organizations to view circumstances as very simple because of which the organizations might overlook certain key strategic contact which may occur. Moreover, categorizing aspects as strengths, weaknesses, opportunities and threats might be very subjective as there is great degree of uncertainty in market. SWOT Analysis does stress upon the significance of these four aspects, but it does not tell how an organization can identify these aspects for itself.

There are certain limitations of SWOT Analysis which are not in control of management. These include-

- a. Price increase;
- b. Inputs/raw materials;
- c. Government legislation;
- d. Economic environment;
- e. Searching a new market for the product which is not having overseas market due to import restrictions; etc.

Internal limitations may include-

- a. Insufficient research and development facilities;
 - b. Faulty products due to poor quality control;
 - c. Poor industrial relations;
 - d. Lack of skilled and efficient labour; etc
-

SWOT Analysis of Google

Introduction

Google is probably the world's best-known company for pioneering the search engine revolution and providing a means for the internet users of the world to search and find information at the click of a mouse. Further, Google is also known for its work in organizing information in a concise and precise manner that has been a game changer for the internet economy and by extension, the global economy because corporations, individuals, and consumers can search and access information about anything anywhere and anytime. Moreover, Google also goes with the motto of "Do not be Evil" which means that its business practices are geared towards enhancing information and actualizing best practices that would help people find and search information. Though its business practices in China and elsewhere where the company was accused of being complicit with the authoritarian regimes in censoring information were questionable, on balance, the company has done more good than harm in bringing together information and organizing it.

Strengths

▪ **Market Leader in Search Engines**

Perhaps the biggest strength of Google is that it is the undisputed leader in search engines, which means that it has a domineering and lion's share of the internet searches worldwide. Google has more than 65% of the market share for internet searches and the competitors do not even come close to anywhere that Google does.

▪ **Ability to Generate User Traffic**

Google is a household brand in the world, its ability to drive internet user traffic is legendary, and this has helped it become one of the most powerful brands in the world. Indeed, Google averages more than 1.2 Billion hits a month in terms of the unique searches that users perform on the site. This gives it an unrivaled and unparalleled edge over its competitors in the market.

▪ **Revenue from Advertising and Display**

Its revenue model wherein it garners humungous profits through partnerships with third party sites has held the company in good stead as far as its ability to mop up resources and increase both its top-line as well as bottom-line is concerned. This is another key strength of the company that has helped it scale greater heights.

▪ **Introduction of Android and Mobile Technologies**

The last of the strengths discussed here relates to its adoption of Android and Mobile technologies, this has resulted in it becoming a direct competitor of Apple as far as these devices, and operating systems are concerned.

Weaknesses

- **Excessive Reliance on Secrecy**

Google does not reveal its algorithm for searches or even its basic formula as far as internet searches are concerned leading to many experts slamming the company for being opaque and hiding behind the veneer of secrecy. However, in recent years, Google has taken steps to redress this by providing a bare bones version of its unique search engine algorithm.

- **Falling Ad Rates**

In recent years and especially in 2013, the company has been faced with declining revenues from ads and as a result, the profitability of the company has taken a hit. This is partly due to the ongoing global economic slowdown and partly because of competitors snapping at its heels in a more aggressive manner. Indeed, Apple has already taken steps to garner search engine revenues in its devices and hence, Google must be cognizant of the challenges that lie ahead.

- **Overdependence on Advertising**

Google's business model relies heavily on advertising and the numbers reveal that it gets more than 85% of its revenues from ads alone. This means that any potential dip in revenues would cost the company dearly (literally as well as metaphorically). The point here is that Google has to devise a more robust business model that embraces e-commerce and mobile commerce along with its current business model that is based on ad revenues alone.

- **Lack of Compatibility with next generation devices**

Another weakness for Google is that it is not compatible with many next generation computing platforms including mobile and tablet computers and this remains an area of concern for the company.

Opportunities

- **Android Operating System**

Perhaps the biggest opportunity for Google lies in its pioneering effort in providing the Android OS (Operating System) which has resulted in its becoming a direct competitor to Apple and Samsung.

- **Diversification into non-Ad Business Models**

As discussed earlier, the company has to diversify into non-ad revenues if it has to remain profitable and current indications are that it is adapting itself to this as can be seen from the push towards commercial transactions using its numerous sites like Google Books, Google Maps etc.

- **Google Glasses and Google Play**

The introduction of Google Glasses and Google Play promises to be a game changer for Google and this is a significant opportunity that the company can exploit. Indeed, this very aspect can make the company take the next evolutionary leap into the emerging world of nano-computing.

- **Cloud Computing**

Cloud Computing remains a key opportunity for Google as it is already experienced in providing storage and cloud solutions. Indeed, if not anything, it can move into the enterprise market using the cloud-computing paradigm.

Threats

- **Competition from Facebook**

The advent of Social Media has seriously threatened Google's dominance in the internet world and the company has to pull an ace to deal with the increasing features available on Facebook and Twitter.

- **Mobile Computing**

Another threat to Google is from the emerging area of mobile computing that threatens to pass the company by as newer companies seize the opportunity to ramp up their mobile computing presence

SWOT Analysis of Starbucks

Starbucks is a globally recognized coffee and beverages brand that has rapidly made strides into all major markets of the world. The company has a lead over its nearest competitors including Barista and other emerging competitors. Indeed, Starbucks is so well known throughout the western hemisphere that it has become a household name for coffee.

Strengths

- The main strength of Starbucks is its strong financial performance which has resulted in the company occupying the number one spot among coffee and beverage retailers in the world
- The company is valued at more than \$4 Billion which is a key strength when compared to its competitors
- The intangible strengths of Starbucks include its top of the mind recall among consumers and by virtue of its brand, which symbolizes excellence, and quality at an affordable rate, the company enjoys a dominant position in the worldwide market for coffee and beverages.
- The company is the largest coffeehouse in the world and because of its size and high volumes; it can afford to price its products in the premium as well as the middle tier range to attract more consumers.
- The company is known for its pioneering people management in an industry where people skills and soft skills make the difference between success and failure. In other words, Starbucks has actualized a positive and welcoming workplace for its employees, which translates into happier associates serving customers in a superior way leading to all round benefits for the company.

Weaknesses

- The company is heavily dependent on its main and key input, which is the coffee beans and hence, is acutely dependent on the price of coffee beans as a determinant of its profitability. This means that Starbucks is overly price sensitive to the fluctuations in the price of coffee beans and hence, must diversify its product range to reduce the risk associated with such dependence.
- The company has come under fire in recent times for its procurement practices with many social and environmental activists pointing to the unethical procurement practices of coffee beans from impoverished third world farmers. Further, the company has also been accused of violating the “Fair Coffee Trade” principles that were put in place a few years ago to tackle this precise problem.
- The company prices its products in the premium to the middle tiers of the market segment which places its products outside the budgets of many working consumers who prefer to frequent McDonald’s and other outlets for their coffee instead of Starbucks.
- The company must immediately diversify its product range if it has to compete with full spectrum competitors like McDonald’s and Burger King in the breakfast segment which is rapidly growing as a consequence of compressed schedules of consumers who would like to grab a bite and drink something instead of making it at home.

Opportunities

- The company has an opportunity to expand its supplier network and expand the range of suppliers from whom it sources in order to diversify its sources of inputs and not be at the mercy of whimsical suppliers. Further, this would also help the company in becoming less sensitive to the prices of coffee beans and make it resilient against supply chain risks.
- The company has a huge opportunity waiting for it as far as its expansion into the emerging markets is concerned. With a billion consumers likely to join the pool of those who want instant coffee and breakfast in China and India, the company can expand into these countries and other emerging markets, which represents a lucrative opportunity for the taking.
- Starbucks also has the opportunity to expand its product offerings to take on the full spectrum food and beverage retailers like McDonald’s and Burger King as the consumer segment which these retailers target is expanding leading to more business opportunities for Starbucks to take advantage of.
- The company can significantly expand its network of retail stores in the United States as part of its push towards greater market share and more consumer segments. This opportunity ties in with the other

opportunities described above related to the expansion into newer markets, diversifying into newer consumer segments, and increasing its footprint across the US and globally.

Threats

- The company faces threats from the rising prices of coffee beans and is subject to supply chain risks related to fluctuations in the prices of this key input. Further, the increase in the prices of dairy products impacts the company adversely leading to another threat to its profitability.
 - The company is beset with trademark and copyright infringements from lesser-known rivals who wish to piggyback on its success. As with other multinational retailers in the emerging markets, Starbucks has fought litigation against those misusing its brand and famous logo.
 - The company faces intense competition from local coffeehouses and specialty stores that give the company a run for its money as far as niche consumer segments are concerned. In other words, the company faces a tough challenge from local stores that are patronized by a loyal clientele, which is not enamored of big brands.
 - Starbucks has to expand into emerging markets as a necessity as the developed markets that it has traditionally relied on are saturated and given the fact that the ongoing recession has made the going tough for many retailers, it faces significant threats from this aspect.
 - Finally, as mentioned earlier, Starbucks faces significant challenges because of its global supply chain and is subject to disruptions in the supply chain because of any reason related to either global or local conditions
-

SWOT Analysis of Blackberry

Introduction

Blackberry, which was the pioneer in mobile-based technologies with its best selling original Smartphones, has been in the news for all the wrong reasons. First, the company known as Research in Motion (RIM), which made and marketed the Blackberries, missed the emerging Smartphone revolution though it was one of the pioneers of mobile computing. Next, the company was unable to read the market and hence, it lost market share to Apple and Samsung. This resulted in the company nearly going bankrupt and despite changes in leadership; it could never regain its position. In the past month, the company has been in the news again because it rejected a buyout offer and rescinded a sale option and instead, chose to appoint a new CEO along with accepting fresh infusion of capital into the company. This article discusses the changing strategies of Blackberry through a SWOT Analysis, which would provide clues into how the company would position itself in the future. The key theme here is that Blackberry needs to urgently revamp and rejuvenate itself if it has to regain market share and forget about market leadership, it has to ensure that it stays afloat.

Strengths

- Perhaps the biggest strength of Blackberry is that it enjoys top of the mind recall and has a good reputation among corporate users of mobiles because of its proprietary technology that scores over its competitors especially where corporate users are concerned.
- The Blackberry devices can be used with any mobile carriers anywhere in the world and indeed, this is a key strength for the company as it goes along its business with easy mobility and portability.
- One of the main strengths of Blackberry is that its devices are more secure than its competitors and indeed, the security features inherent and embedded in the devices are unmatched by any other mobile maker including Samsung and Apple. This is the reason why Blackberries are so popular with corporate users who use it to link it and integrate it with their VPNs or Virtual Private Networks.
- These strengths have made Blackberry the Smartphone of choice for many governmental agencies in the United States including the FBI, CIA, The White House, and the State Department. Given the fact that Blackberries come with an encrypted military grade security platform makes it the ideal phone of choice for agencies dealing with sensitive information.

Weaknesses

- The key weakness that Blackberry has is that it went on a single-track focus on the corporate users and enhanced its security features as a USP or a Unique Selling Proposition. While this aspect held it in good stead as far as the corporate clients are concerned, once Samsung and Apple came out with Smartphones for the consumers and the everyday usage, Blackberry was unable to keep up with the competition. Indeed, both Samsung and Apple have cornered the market share by enhancing the security features in their Smartphones.
- Given the fact that small business owners using Blackberries now had to install expensive enterprise software, they began to switch to the rivals instead of using Blackberries. Further, the company lost ground as the proprietary operating system used by Samsung and Apple provided more benefits to this customer segment leaving Blackberry out of the race.
- As mentioned earlier, Blackberry was essentially a single pony trick with its obsessive focus on the corporate users. With the large consumer base untouched by it, Samsung and Apple quickly garnered this segment and by providing an easy to use user interface and apps that were simple and effective, these companies soon began to take away even the corporate customers of Blackberry.

Opportunities

- The recent moves by the company are very aggressive as it has rejected a sale offer and a buyout offer as well as accepted fresh infusion of capital from an Angel Investor. By appointing a new CEO and revamping its organizational team and structure, Blackberry has signaled that it is serious and is going all out to reinvent itself.
- The company has a lucrative opportunity as far as leveraging its existing customer base of over 100 Million users is concerned. Given the fact that the company can tap into this customer base for its future products, there is a significant opportunity waiting for the company.
- By integrating the third party apps and features into its phones, the company can mimic the strategies followed by Apple and Samsung and the increase in the business partnerships with third party providers can prove to be a key opportunity for the company as it prepares to take on Samsung and Apple.

Threats

- Though Blackberries were the original Smartphones, both Apple and Samsung beat it to the race to build the Smartphone of the future because they provided the flexibility and ease of use that Blackberries lacked and hence, were able to corner market share and take away its competitors.
- Apart from the threats posed by its competitors, Blackberry has to fight the slack and the gloomy internal environment, which because of the troubles that the company has been through in recent years has resulted in lower employee morale and a general lack of direction. Given the fact that the Smartphone industry thrives on innovation, Blackberry has to rejuvenate itself and reinvent itself apart from rescuing itself from the sagging momentum and motivation of its employees.

Conclusion

the preceding discussion has highlighted the need for Blackberry and its management to take proactive steps to pull the company from the quagmire it finds itself in. The recent strategic moves made by the new leadership are to be seen in the light of the company's drift away from its profit making and market leadership model to a situation where it is no longer in the reckoning. In conclusion, Blackberry and its leadership have their task cut out as they gear themselves to take on the challenges from the Smartphone companies like Apple and Samsung

Steps in Preparing Personal SWOT Analysis

What to do when listing Strengths and Weaknesses

A personal SWOT Analysis is needed to understand where one stands with respect to one's career and life path. A personal SWOT Analysis is usually the first step towards recognizing one's position in attempting to deal with life's challenges and career prospects. First, **one should never overestimate or underestimate one's strengths**. Therefore, a personal SWOT Analysis must be objective and to the point as far as delineating, one's strengths are concerned. The reason we mentioned not to underestimate or overestimate one's strengths is that while many tend to overestimate their strengths, there are some who underestimate them as well. Therefore, the identification of one's strengths must be done by listing all the attributes one thinks are the key assets and then penning them down to understand where one's key personality traits would lead them. For instance, many people have superior communication skills, people management skills, and an ability to crack aptitude tests as strengths. On the other hand, there are many for whom these very skills are lacking and hence, listing the components of the SWOT would help them in gaining a true picture of where one stands.

Be Honest with yourself

Listing the strengths along with the weaknesses gives one an opportunity to identify areas of improvement as well as to note those areas where one need not spend much time on. We have to remember that time is precious for many of us and hence, understanding where one stands would help us to ration it better to concentrate on the weaknesses. For instance, if problem solving is your weakness, then you must spend more time honing your skills in that regard. Apart from that, if communication skills are your weakness, you must enroll in spoken English or a communication course that would help you polish your skills. Once the strengths and weaknesses are listed, you must identify the opportunities that can come your way and build yourself accordingly to tap into those opportunities. You must remember that you need to build a door for opportunity to knock on it as well as remember the fact that success in life depends to a large extent on how well one anticipates the future by observing the trends of the present and then preparing accordingly for the same. As the saying goes, chance favors the prepared mind and hence, accurate identification of opportunities is one critical aspect that would make or mar your chances in career and in life.

Do not fall prey to Blind Spots and Mental Blocks

The last element of the personal SWOT Analysis is the assessment of threats. One should not go into battle without scanning the environment for potential threats. Hence, **one must be cautious about the direction one wants to take and list down the threats that would contribute to failure.** For instance, if you foresee that in the near future, your finances are likely to be tight, you must plan accordingly so that you do not go deep into debt. Often, the biggest threat to many individuals is managing the cash flow situation as well as understanding the blind spots that prevent people from assessing a situation for what it is. The blind spots we are referring to are the mental blocks all of us when assessing our personal SWOT elements and these prevent us from an honest assessment of where we stand and what our weaknesses are. One can list down any number of strengths and any number of opportunities. However, the tough part is to accurately and reliably identify the threats and weaknesses as otherwise we would be blind to them because of self-love. The key aspect here is that one must not be caught up in one's own shadow thinking that one is invincible. Hence, proper identification of weaknesses and threats goes a long way in ensuring that one is not caught by surprise

SWOT Analysis of Amazon

Introduction

Amazon is the world's leading online retailer and its success has spurred other physical, brick, and mortar retailers to have an online presence. It is often referred to as the online equivalent of Wal-Mart because of its reach and global footprint as well as its aggressive pricing strategies. Amazon can leverage on several opportunities in the emerging markets and can ensure that its global supply chain of networked warehouses deliver substantial value for itself and its

GAUTAM SINGH, HOSPITALITY TRAINER, www.educatererindia.com, info.gautam94@gmail.com
stakeholders. Further, Amazon has to rethink its business model of operating at close to zero margins and the fact that the company has not returned a decent profit in the last five years gives it much room for improvement.

Strengths

- Being the world's leading online retailer, Amazon derives its strengths primarily from a three-pronged strategic thrust on cost leadership, differentiation, and focus. This strategy has resulted in the company reaping the gains from this course of action and has helped its shareholders derive value from the company.
- Amazon primarily derives its competitive advantage from leveraging IT (Information Technology) and its use of e-Commerce as a scalable and an easy to ramp up platform that ensures that the company is well ahead of its competitors.
- One of the key strengths of Amazon is that it enjoys top of the mind recall from consumers globally and this recognition has helped it enter new markets, which were hitherto out of bounds for many e-Commerce companies.
- Using superior logistics and distribution systems, the company has been able to actualize better customer fulfillment and this has resulted in Amazon deriving competitive advantage over its rivals.

Weaknesses

- In recent years, Amazon as part of its diversification strategy has been "spreading itself too thin" meaning that it has allowed its focus to waver from its core competence of retailing books online and allowed itself to venture into newer focus areas. While this might be a good strategy from the risk diversification perspective, Amazon has to be cognizant of losing its strategic advantage as it moves away from its core competence.
- As Amazon offers free shipping to its customers, it is in the danger of losing its margins and hence, might not be able to optimize on costs because of this strategy.
- Considering the fact that Amazon is an online only retailer, the single-minded focus on online retailing might "come in the way" of its expansion plans particularly in emerging markets.
- One of the biggest weaknesses and something that has been oft commented upon by analysts and industry experts is that Amazon operates in near zero margin business models that have severely dented its profitability and even though the company has high volumes and huge revenues, this has not translated into meaningful profits for the company.

Opportunities

- By rolling out its online payment system, Amazon has the opportunity to scale up considerably considering the fact that concerns over online shopping as far as security and privacy are concerned are among the topmost issues on the minds of consumers. Further, this would improve the company's margins as it lets it reap the advantages of using its own payment gateway.
- Another opportunity, which Amazon can capitalize on, relates to it rolling out more products under its own brand instead of being a forwarding site for third party products. In other words, it can increase the number of products under its own brand instead of merely selling and stocking products made by its partners.
- Amazon can increase the portfolio of its offerings wherein it stocks more products than the norm currently which places it in a position of strength and comfort as this can translate into higher revenues.
- The fourth opportunity, which Amazon has, is in terms of expanding its global footprint and open more sites in the emerging markets, which would certainly give it an edge in the uber-competitive online retailing market.

Threats

- One of the biggest threats to Amazon's success is the increasing concern over online shopping because of identity theft and hacking which leaves its consumer data exposed. Therefore, Amazon has to move quickly to allay consumer concerns over its site and ensure that online privacy and security are guaranteed.
- Because of its aggressive pricing strategies, the company has had to face lawsuits from publishers and rivals in the retailing industry. The obsessive focus on cost leadership that Amazon follows has become a source of trouble for the company because of the competitors being upset with Amazon taking away the business from them.
- Finally, Amazon faces significant competition from local online retailers who are more agile and nimble when compared to its behemoth type of strategy. This means that the company cannot lose sight of its local market conditions in the pursuit of its global strategy.

Conclusion

Amazon has its task cut out as far as its future strategies are concerned and this SWOT Analysis can provide a guide and a roadmap that the company can implement going forward. The key take away from this SWOT Analysis is that Amazon has to focus on profitability and not volumes alone if it has to be competitive in the future where volumes and market leadership are not alone to add value to its stock

SWOT Analysis of IKEA

Introduction

This article analyzes the strategy of the world's leading furniture retailer, IKEA using the SWOT Methodology. The company was founded in 1943 and is known for its simple yet effective approach to retailing with the DIY or the Do It Yourself concept, which ensures that the company keeps costs to a minimum and passes on the value to the customers. The products sold by IKEA are mostly ready to use and flat packed meaning that they can be assembled by the customers themselves. The company has a presence in the online world as well and the total sales from its online and offline businesses are more than a Billion Dollars per year. The key strategic driver of IKEA's success is its no nonsense approach to retailing that has paid rich dividends for the company and its shareholders (literally and metaphorically).

Strengths

- The biggest strength that IKEA has is its clear vision, which is to add value to its customers irrespective of the market conditions. This has translated into an articulate and well-defined business strategy and an approach to retailing, which is pioneering in its simplicity and deadly in its targeting of competitors and effective in its positioning.
- Another key strength of the company is its clear concept which translates into an array of products that can be assembled by the customers themselves leading to humungous cost reductions which are then passed on to the customers. With its single-minded focus on cost leadership, IKEA has emerged as the world's leading retailer of furniture.
- IKEA measures its strengths using the metrics provided by the KPIs or the Key Performance Indicators that include increased use of renewable materials, smarter use of raw materials, establishing and maintaining long-term relationships with suppliers and leveraging the efficiencies and the synergies from the economies of scale.

Weaknesses

- Given the fact that IKEA operates in multiple countries around the world, it is a high scale and a large size business meaning that it is difficult to control standards across locations. Though the company tries its best to

implement uniform quality across its product range and throughout its locations, replicable and scalable control of quality is a key weakness.

- With its obsessive focus on cost leadership, quality sometimes goes for a toss especially in the present context where the costs of many inputs and raw materials has gone up and which has impacted the profitability of the company. The point to be noted here is that it is sometimes difficult to maintain quality in the context of increasing costs and the need to replicate standards across its locations worldwide.
- There are environmental concerns about IKEA's operations and the company faces challenges in communicating and articulating its environmental policies to its customers, shareholders, and other stakeholders.

Opportunities

- With its "green" business model, the company has a huge opportunity waiting in terms of attracting customers who like to buy such products. The rise of the ethical consumer or the process of buying known as "Ethical Chic" which means that customers would ideally like to buy products that are environmentally conscious is an opportunity waiting to be tapped for the company.
- Perhaps the biggest opportunity that the company has is its cost leadership, which means a single-minded focus on cost at the expense of everything else. While this has raised concerns about quality, the customers do not seem to mind as they are getting their money's worth and the addition of value to the customers is another significant opportunity.
- The other opportunity lies in the company's expansion into the emerging markets and the developing world where it has an untapped customer base that can be leveraged for effective profitability. IKEA is already drawing up plans to enter markets like China and India with a clear strategy of cost leadership, which it hopes, would yield benefits to the company.

Threats

- IKEA's low cost business model has been imitated and copied by its rivals, which means that the company needs to constantly innovate if it has to stay ahead of the competition. For instance, several regional and local companies have caught on to the DIY bandwagon and are also focusing on costs which means that to stay nimble and agile, IKEA has to come up with newer strategies.
- With the advent of the internet and online shopping, DIY as a key driver of strategic success is no longer the sole USP or Unique Selling Proposition of IKEA and with the proliferation of online retailers who can provide even lower costs because they do not have a physical presence means that they are snapping at the heels of IKEA.

Conclusion

IKEA is a well-known global trend and through its innovative business model and its focus on products, processes, and systems, it has managed to stay ahead of the competition in the furniture retailing business. The company can diversify into other products and product lines as it can replicate its business model in other realms as well. To do this would require fresh thinking and a new approach to its strategy that would combine low cost leadership with additional drivers of success like scalability and focus on quality. Finally, the company can enter the emerging markets where its products and its business model are likely to be met with success and the untapped customer base can be leveraged

SWOT Analysis of Nike

Strengths

- The biggest strength of Nike is that it is an extremely competitive organization with its approach of "Just Do It" slogan for its brand epitomizing its attitude towards business. The company was founded on the principle that it would make shoes for anyone who could walk or run and this has been the guiding philosophy behind

GAUTAM SINGH, HOSPITALITY TRAINER, www.educatererindia.com, info.gautam94@gmail.com

Nike. Coupled with its iconic “Swoosh” logo and its equally catchy tagline, Nike’s strength is that it has emerged as a “Can Do” company.

- Strength of the company is that it has outsourced all aspects of its production to overseas facilities and thereby, does not have any manufacturing outlet of its own. This has helped the company focus on higher value adding activities like design and research and development and at the same time, it has saved the high labor costs that are part of the traditional manufacturing sector.
- Apart from this, the other big strength of Nike is that it is a globally recognized brand that has top of the mind recall among consumers and the youth in particular. Further, the Nike brand is synonymous with quality and resilience as well as endurance and fitness, which makes it the brand of choice for athletes and anyone who wishes to run.
- Finally, Nike stands to benefit from the current disarray among its competitors because of the fragmentation of the market wherein Nike with its USP or Unique Selling Proposition can stand alone among them.

Weaknesses

- Nike is almost exclusively driven by its footwear business and therefore, the footwear market contributes to a lion’s share of its revenues making it dependent on this segment for its survival. In these recessionary times, it is not a good business practice to be overly dependent on one segment and hence, Nike ought to diversify horizontally as well as vertically and include apparel and other accessories.
- Though we have mentioned the fact that it has outsourced its manufacturing aspects completely as strength, the negative publicity that Nike got because of labor unfriendly conditions in its overseas outlets has badly dented its brand image. Indeed, the name “Sweatshops” is used to mockingly describe the abhorrent conditions in its overseas manufacturing facilities.
- The company does its business through retailers who stock other brands as well. This means that the assiduously cultivated exclusivity is sometimes sacrificed because it has not yet spread its wings to include exclusive retailer outlets as part of its business strategy.
- Nike is perceived by some consumers as being too premium and a luxury brand. While this is necessarily not a bad thing, the current market scenario is such that consumers are migrating to the middle tier of the luxury scale as they are becoming price conscious and quality focused.

Opportunities

- The biggest opportunity for Nike is from the emerging markets of China and India where the Billion Plus new consumers are now aspiring to western lifestyles which means that they would be more receptive to brands like Nike. As the company is associated with premium branding and segmentation, it can be said that capturing the “emerging market newly affluent consumers’ prize” could well be a game changer for the company.
- In recent years, Nike has begun to diversify into accessories and other premium products apart its signature footwear segment. This is a step in the right direction and something, which would stand the company in good stead as it attempts to look for revenues beyond its traditional offerings.
- The emphasis on design of higher end footwear seems to be paying off for Nike that is increasingly being seen as a must have product for anyone who walks or runs and as the company was founded on the principle that it would serve anyone with legs, this strategy seems to have hit the right notes.
- Nike has the unique advantage of offering value for money and this can be leveraged to the hilt as the company begins to make inroads into the newer consumer segments, which want quality at an affordable price.

Threats

- The fact that the company has a global supply chain means that it is subject to the vicissitudes of international trade practices including labor strikes in its overseas locations, currency fluctuations that decrease its margins, as well as lack of control over the geopolitical events happening around the world which have the potential to disrupt its global supply chain.
- Nike must improve on its image wherein it is being seen as resorting to exploitative business practices in its overseas outlets. Already, it had to pay a heavy price (monetarily as well as metaphorically) because the emerging generation of consumers are socially and environmentally conscious which means that they would not like to buy a product that is the result of dubious business practices.

- The ongoing recession has taken a heavy toll on Nike with consumers becoming more price conscious and retailers demanding higher margins. The combination of retailing in third party outlets and competing brands cutting prices has made the going tough for Nike.
 - Finally, Nike has to ensure that it does not dilute its focus like some of its competitors who are now in the doldrums. For instance, Reebok that promised a lot and was intensely competitive with Nike has seen its fortunes sag and hence, Nike must not go Reebok's way and instead, must define its core competence and implement its strategies accordingly
-

SWOT Analysis of Microsoft

Introduction

The recent announcement of the change of leadership at the helm of Microsoft has sparked speculation about possible strategic directional changes as well as kindled hopes that the pioneering company and its iconic founder who appeared to be floundering in recent years may well be getting their act together. The ensuing SWOT Analysis places these strategic moves in perspective and appraises the situation, which the company finds itself in at the moment. The succeeding discussion must be viewed in the larger context of the match between the internal dynamics and the external business drivers that affect Microsoft in its quest to regain its market leadership.

Strengths

- The biggest strength of Microsoft is that it has top of the mind brand recall among all the PC (personal computer) users in the world. Indeed, Microsoft and its legendary founder, Bill Gates, are known to anyone who is remotely acquainted with computing. This has enabled the company to forge ahead of its rivals even though as we shall discuss later, in recent years, some of the sheen of the Microsoft brand has been lost.
- The other strength and a key driver of its business and readymade acceptance by the users of its products is that Microsoft's software is easy to use which has won it an increasing base of customers around the world. It can also be said that Microsoft and Bill Gates have spawned what can be called a "Second Industrial Revolution" by making computing available to the masses.
- The company has a worldwide network of distributors and also it indulges in co-branding with hardware makers of computers, which enables it to have strategic depth and a breadth of user base that is unparalleled.
- Microsoft has consistently beat analyst expectations in terms of profitability and revenues though it is appearing to be vulnerable to shifting trends like mobile computing in recent years.

Weaknesses

- The biggest weakness of Microsoft is that its fabled team did not anticipate the emergence of the internet as a phenomenon that would take over the world in addition to reading the market signals about mobile computing. In case of the former (internet), Microsoft was slow to respond and even when it did, it was in a manner that attracted monopolistic charges which in earlier years were the mainstay of the company.
- As for mobile computing, Microsoft completely missed this wave and indeed, the success of the other computing revolutionary, Late Steve Jobs and his Apple Company appeared to blindside Microsoft and Bill Gates so much that it has even now failed to come up with a compelling Smartphone device or operating system.
- The third weakness relates to the ubiquitous security flaws in its software, which is apparent to any windows user, and chances are that you would have probably encountered the familiar crashes of Windows no matter which version you use.

Opportunities

- Though Microsoft failed to read the emergence of the internet and was completely taken aback by the mobile wave, a ray of hope that is still visible to the company is in the cloud-computing paradigm, which the company is betting big to take on the competition and regain its leadership position.
- Indeed, the recent appointment of the Indian born Satya Nadella as the CEO is in line with its aggressive push towards cloud computing as the game changer for the company and since Nadella is thought to be a cloud-computing wizard, it is understood that Microsoft is banking on him for it to ride the next wave.
- The company has a huge cash hoard which means that if it cannot grow organically (through normal growth) it can still grow inorganically (through acquisitions) of smaller companies that have good business prospects.
- This is the manner in which Bill Gates made amends for misreading the internet and bought out Hotmail created by another Indian, Sameer Bhatia that did give Microsoft some edge for a few years before Google revolutionized personal email products.

Threats

- As can be inferred from the analysis so far, Microsoft's biggest threat is that its very size which is an asset otherwise is preventing it from being quick and nimble and seize market opportunities by proactively reading market signals.
- Further, Microsoft faces a key challenge from Open Source software, which was a force to reckon with initially seemed to have lost some of its fizz though it is making a comeback again.
- On the commercial front, Microsoft has been exasperated with software piracy especially in Asia where the pirated copies are more than the original products in China and India.
- Finally, Microsoft has to be both weary and wary of potential lawsuits especially in Europe where the regulators are not taking kindly to its monopolistic business practices.

Conclusion

The preceding analysis has made it clear that Microsoft cannot afford to misread emerging trends and changing customer preferences anymore. Instead, it must be in a position where it senses and intuits market moves and prepares to act accordingly. A possible strategic move would be to focus more on the enterprise segment since most other technology companies seem to be focusing exclusively on the personal customer segment. In conclusion, it remains to be seen as to how the recent leadership changes play themselves out with regards to the future strategic moves by the company

SWOT Analysis of China Mobile

Introduction

China Mobile is a Chinese Telecom major that has been in the news in recent years because of its jaw dropping growth rates as well as its ballooning subscriber base. Once considered as a protected state owned enterprise incapable of efficiency, it has now transformed itself into a domineering company in China with global dreams and ambitions to conquer international markets. As the succeeding SWOT Analysis indicates, the company can leverage on its strengths and work on its weaknesses so that the threats are transformed into opportunities and it continues to be a company to reckon with.

Strengths

- Over the last few decades, China has transformed itself into an economic powerhouse and this is the key strength of China Mobile that was unheard of in Western capitals and for western investors until a decade ago. Indeed, the fact that China Mobile was ranked in the Top 100 Important Brands in the World in 2007 means that it has well and truly arrived in the global arena.

GAUTAM SINGH, HOSPITALITY TRAINER, www.educatererindia.com, info.gautam94@gmail.com

- The company boasts of an incredible number of customers (estimated to be nearly half a Billion) which is a key strength though it must be mentioned that since it is a state owned enterprise and operates in a monopolistic market, these figures are partly due to its domineering presence in the country.
- China mobile is growing at a scorching pace nearing 50% annually which means that in a few years time, it would be way ahead of the global competition by any yardstick.
- Finally, the company has embarked on an international expansion to increase its global footprint and it has been on a merger and acquisition spree especially in Africa, which is touted to be the next emerging frontier.

Weaknesses

- A key weakness of China mobile is that it is not yet ahead of the technology curve though it has the numbers and the volumes to justify its leadership position. This is partly due to the problems that it had in shifting from CDMA to GSM protocol because of the legacy handsets and associated problems and hence, the company was unable to make the transition to the 3G network in a seamless manner.
- Another weakness is that China mobile so far has restricted itself largely to the domestic market. Though we had mentioned about its international expansion, the fact that it is yet to tap into the developed west signals a hesitation and a lack of confidence in taking on global biggies in their backyards.
- Even for the expansion into Africa, China mobile is relying heavily on its partnerships with local players, which means that it is yet to develop an international identity of its own.

Opportunities

- As China continues to grow at a scorching pace, the company can expect a huge jump in its subscriber base though the overheated domestic market might compel it to look outwards for its expansion in the years to come. However, this does not detract from the fact that China mobile is poised to tap into the growing domestic market albeit in a restrained manner unlike the previous years where it was uber aggressive in its strategies.
- As with many other SOEs or State Owned Enterprises in China, the company has recorded annualized profit growth rates in excess of 20%, which has made western investors, look at it with excitement as such profit rates are unheard of in the developed west.
- It can convert its weakness of being unable to transition to 3G technology into an opportunity by tapping into the rural market in China which is still to be explored meaning that China Mobile can start afresh without any legacy issues troubling it. Moreover, as the cities become saturated, it is only natural that China Mobile starts to look to the rural hinterland for future growth.

Threats

- The Chinese telecom sector is still heavily regulated and screened off from international competition, which is a threat as the Chinese government in recent years has been contemplating opening up of the sector to foreign firms. Further, China Mobile also needs to be wary of competition from local firms and domestic players as the industry opens up in the future.
- Another key threat to China Mobile's profitability is that until now it has been playing the "numbers game" wherein it added subscribers mostly in the low price, low value segment, which means that it is a volumes player rather than a premium player. With recent technological breakthroughs like 4G and even 3G, China Mobile faces a threat to its business model and it has to offer higher value added services to stay in the reckoning.
- Its cozy relationship with the Chinese Government is partly because it is a SOE and this might change in the future with the gradual opening up of the economy wherein the government would most likely assess the tradeoff between social dividends and economic payoffs.

Conclusion

As the preceding SWOT Analysis indicates, China Mobile has its task cut out as it begins its international journey and continues its domestic market leadership. As things stand, many western investors are eyeing its stock which is clearly an achievement considering that its IPO (Initial Public Offering) in 1997 hardly attracted interest outside Hong Kong where it started its evolution from a limited player to a market leadership position

Gautam Singh , Hospitality Trainer , 07830294949

