

SWOT analysis

Warm-up

In pairs discuss you like and dislike about your school. You can also think you want to be changed.

Reading

SWOT analysis

SWOT is an acronym that stands for **strengths**, **weaknesses**, **opportunities**, and **threats**. It is used in problem analysis and is a common tool used in the business world for marketing analysis. It takes into account both the internal and the external business environment to anticipate possible future actions that may be needed to defend or expand a company's market position. It takes place during the first stages of planning and helps marketers focus on key issues.

		RISK ANALYSIS	
		POSITIVE	NEGATIVE
INTERNAL	S	STRENGTHS	W WEAKNESSES
EXTERNAL	O	OPPORTUNITIES	T THREATS

Strengths

They are the **company's resources and capabilities** that can be used for developing a competitive advantage. Examples of strengths include strong brand names, patents, technological skills, cost advantages from proprietary know-how, good reputation, favourable access to distribution channel and production quality.

Weaknesses (or limitations)

The **absence of certain strengths** (such as those previously mentioned) are considered weaknesses and place the company at a disadvantage.

Opportunities

They are **external chances** (i.e. from outside the company) to improve performances and profits, such as technological improvements, change in demographics, the liberalisation of regulations and the elimination of international trade barriers.

Threats

External elements that could cause **trouble** to the business may include consumer tastes moving away from the company's products, the emergence of substitute products, new regulations, increased trade barriers, natural disasters and downturn in the global economy.

The SWOT (or TOWS) matrix shown in the table below is used to develop the company's strategies in order to improve its situation.

Companies may use:

S-O strategies: they pursue opportunities which match the company's strengths;

W-O strategies: they overcome weaknesses to pursue opportunities;

S-T strategies: they identify plans enabling the company to use its strengths to reduce its exposure to external threats;

W-T strategies: they establish a defensive plan to prevent the company's weaknesses from making it highly vulnerable to threats.

	Strengths	Weaknesses
Opportunities	S-O strategies	W-O strategies
Threats	S-T strategies	W-T strategies



Reading comprehension

Read the text and answer these questions.

- 1 Why is SWOT analysis used in marketing?
- 2 At what stage is it used?
- 3 Which are international factors and which are externals?
- 4 Give two examples of strengths / weaknesses.
- 5 Give two examples of opportunities / threats.

Decide if the following are strengths (S), weaknesses (W), opportunities (O) or threats (T).

- 1 The company's production facilities are located far from its customer base. ____
- 2 The company has grown substantially over recent years, and has experienced global extension. ____
- 3 A company producing software is dependent upon another company's research. ____
- 4 New and emerging markets. ____
- 5 To expand its brand, the company sells its name to makers of apparel, watches, sunglasses, etc. ____
- 6 The company's products are vulnerable to the uncertainty of the job market because of the weakened economy. ____
- 7 A large company has significant cost advantages over most of their competitors. ____
- 8 Religious, cultural and social restrictions. ____

Groupwork – A SWOT analysis of your school

In this activity you are going to create a SWOT analysis of your school and present it to your class. You can follow this structure:

- Assess Strengths.
- Write down Weaknesses.
- Outline Opportunities.
- Identify Threats.



SWOT analysis template – the questions might help you think about your school.

	POSITIVE	NEGATIVE
INTERNAL	<p>Strengths:</p> <p>What do we do well? What have our customers or partners told us they like about us? In what areas do we outpace our competitors? What's unique about our business, products, or services? What assets do we own (intellectual property, technology, capital, ...)?</p>	<p>Weaknesses:</p> <p>What can we improve? What are our customers or partners dissatisfied with? Where do we fall behind our competitors? Where are we lacking in knowledge or resources?</p>
EXTERNAL	<p>Opportunities:</p> <p>What emerging trends can we take advantage of? Which of our strengths might be valuable to potential partners? What other markets might we tap into? Are there geographic locations with less competition?</p>	<p>Threats:</p> <p>What is our competition doing? How could our weaknesses leave us vulnerable? What market trends are we unprepared for? What economic or political issues could impact our business?</p>