



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.



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