

# Marketing Modules Series

## Marketing Module 4: Competitor Analysis Example

### SWOT Analysis



<http://www.1stwebdesigner.com/inspiration/logo-design-tips-tricks/>

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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

# SWOT Analysis - Starbucks

## Strengths

- High visibility locations to attract customers
- Value and motivated employees – good work environment
- Good relationship with suppliers
- Customer base loyalty

## Weaknesses

- Lack of internal focus (too much focus on expansion)
- Self-cannibalization
- Cross-functional management
- Product pricing (expensive)

## Opportunities

- Expansion into retail operations
- Technological advances
- New distribution channels (delivery)
- Continued domestic expansion
- Emerging international markets

## Threats

- Ever-increasing number of competitors
- U.S. market saturation
- Coffee price volatility in producing countries
- Consumer trends towards more healthy beverages and away from caffeine

# SWOT Analysis - Darden Restaurants

## Strengths

- Diverse restaurant product portfolio
- Restaurants target wide variety of household incomes
- Owns most of its restaurants
- Strong brand recognitions

## Weaknesses

- No franchise operations
- Concentrated in U.S. only, no international operations
- Not taking advantage of the best talent for management positions

## Opportunities

- Restaurant concentration in key tourist markets
- Industry consolidation (smaller players disappearing in tough economic environment)
- Real estate weakness in US – potential acquisitions

## Threats

- U.S. consumer slowdown
- Changing consumer habits: people eating at home more often
- Intense competition
- Increasing labor costs