

SWOTT

Strengths: A firm's strengths are its resources and capabilities that can be used as a basis for developing a competitive advantage. Examples of such strengths include:

- patents
- strong brand names
- good reputation among customers
- cost advantages from proprietary know-how
- exclusive access to high grade natural resources
- favorable access to distribution networks

Weaknesses: The absence of certain strengths may be viewed as a weakness. Examples include:

- lack of patent protection
- a weak brand name
- poor reputation among customers
- high cost structure
- lack of access to the best natural resources
- lack of access to key distribution channels

In some cases, a weakness may be the flip side of a strength. Take the case in which a firm has a large amount of manufacturing capacity. While this capacity may be considered a strength that competitors do not share, it also may be considered a weakness if the large investment in manufacturing capacity prevents the firm from reacting quickly to changes in the strategic environment.

Opportunities:

The external environmental analysis may reveal certain new opportunities for profit and growth. Some examples of such opportunities include:

- an unfulfilled customer need
- arrival of new technologies
- loosening of regulations
- removal of international trade barriers

Threats: Changes in the external environmental also may present threats to the firm. Examples include:

- shifts in consumer tastes away from the firm's products
- emergence of substitute products
- new regulations
- increased trade barriers

Trends: Consider the trends related to your focus area. Carrying out this analysis will help you understand the bigger picture.

- What are the current trends in the industry?
- What are the current trends in substitute products or services?
- What are the current trends with your target market segment?

SWOTT & Porter's Five Forces Exercise

Ralph's Market Example and the Grocery Retail Industry Example

1. To implement a strategy, we need to analyze our strengths, weaknesses, opportunities, threats, and trends — or SWOTT. **Perform a SWOTT analysis for Ralph's Market.**

Strengths

Weaknesses

Opportunities

Threats

Trends

2. **Conduct a Porter’s Five Forces Model for the West Coast U.S. grocery retail industry:**

Substitutes: _____

Power of Suppliers:
 All Powerful
 Neutral
 Weak

Rivals: _____

Power of Buyers:
 All Powerful
 Neutral
 Weak

Barriers to Entry: _____

