Ocean Cosmetics Case Analysis. For your case analysis, you will need to conduct a SWOT analysis on the company and answer the questions at the end of the case. This is an overview of the SWOT analysis: SWOT ANALYSIS SWOT analysis is a method for analyzing a business, its resources and its environment. SWOT is commonly used as part of strategic planning and looks at: · Internal strengths · Internal weaknesses · Opportunities in the external environment · Threats in the external environment The key point to remember about SWOT is that: Strengths and weaknesses · Are internal to the business · Relate to the present situation Opportunities and threats · Are external to the business · Relate to changes in the environment which will impact the business · Another way of looking at opportunities and threats is to envision them as the favorable and unfavorable external trends that a company is facing in the environment. Opportunities are the favorable trends and threats the negative trends. Internal Strengths and Weaknesses · Financial resources, such as cash reserves · Labor and managerial skills, such as the expertise to produce high-technology products or to manage large advertising budgets · Production capacity and efficient equipment · Research and development skills and patents · Control over key raw materials, as in the ownership of energy resources · Size and expertise of the sales force · Efficient or effective distribution channels and systems · Environmental Threats and Opportunities · The Cooperative Environment (suppliers, resellers, other departments in the firm, subdepartments and employees of the marketing department. · The competitive environment. Opportunities in the environment for 1) Acquiring competing firms; 2) offering demonstrably better value to consumers and attracting them away from competitors; and 3) in some cases, driving competitors out of the industry. Also the globalization of business. Competitors do not only come from the domestic arena, but they could be headquartered anywhere. Technology might provide competitors with an advantage and changing channels of distribution could make your business obsolete. · The economic environment. The state of the macroeconomy. What foreign nations are growing and which ones have remained stagnant. What are the forecasts for the domestic economy? Income distribution, savings, debt and credit availability, outsourcing and free trade. · The social environment: what are some of the major social trends? Some foreign countries (in Asia and Africa) are experiencing an explosion of population while some others (Japan and Europe) are facing a drastic decline of births and a shrinking population. In the US we have seen changes in family structure, the aging of the population, the ethnic composition of the population, and the movement of people from northern to sunbelt states. · The political/legal environment: How regulated is the business environment? European countries tend to have a lot of regulations, while in the US we have experienced deregulation in recent years. Growth of special interest groups (for example, non-governmental organizations). · The technological environment: changes in technology can assist or harm a business. The introduction of the personal computer was a major threat for IBM. Some of the most important technological trends are in information technology, biology, electronics, and telecommunications. · The natural environment: shortage of raw materials; increased energy costs; anti-pollution measures; government protections. · Making SWOT Analysis Productive · A. Stay Focused · 1. A mistake planners often make in conducting SWOT analysis is to complete one generic analysis for the entire organization or business unit. · 2. In most firms, there should be a series of analyses, each focusing on a specific product/market combination. The only time a single SWOT analysis would be appropriate is when an organization has only one product/market combination. · B. Search Extensively for Competitors · 1. Information on competitors and their activities is an important aspect of a well-focused SWOT analysis. The key is not to overlook any competitor, whether a current rival or one on the horizon. · 2. The firm will focus most of its efforts on brand competition. However, the firm must watch for any current or potential direct substitutes for its products. · C. Collaborate with Other Functional Areas 1. The final outcome of a properly conducted SWOT analysis should be a fusion of information from many areas. · 2. While combining the SWOT analyses from individual areas, the marketing manager can identify opportunities for joint projects and cross selling of the firm's products. · D. Examine Issues from the Customers' Perspective · 1. Every issue in a SWOT analysis should be examined from the customers' perspective. Marketing planners must also gauge the perceptions of each customer segment that the firm attempts to target. · 2. Examining issues from the customers' perspective also includes the firm's internal customers: its employees. · 3. Taking the customers’ perspective can help the firm interpret the clichés they might develop. · E. Look for Causes, Not Characteristics · 1. Many analysts simply list strengths, weaknesses, opportunities, and threats as descriptions or characteristics of the firm's internal and external environments without going deeper to consider the causes for these characteristics. · 2. More often than not, the causes for each issue in a SWOT analysis can be found in the resources possessed by the firm and/or its competitors: financial resources, intellectual resources, legal resources, human resources, organizational resources, informational resources, relational resources, and reputational resources. · F. Separate Internal Issues from External Issues · 1. Internal issues are the firm's strengths and weaknesses, while external issues refer to opportunities and threats in the firm's environment. · 2. The key test to differentiate a strength or weakness from an opportunity or threat is to ask, "Would this issue exist if the firm did not exist?" If the answer is yes, the issue should be classified as external. · 3. The failure to understand the difference between internal and external issues is one of the major reasons for a poorly conducted SWOT analysis.