



"HENRI COANDA"
AIR FORCE ACADEMY
ROMANIA



GERMANY



"GENERAL M.R. STEFANIK"
ARMED FORCES ACADEMY
SLOVAK REPUBLIC

INTERNATIONAL CONFERENCE of SCIENTIFIC PAPER
AFASES 2011
Brasov, 26-28 May 2011

SWOT ANALYSIS OF A RETAIL COMPANY

Podașcă Raluca

Petrol-Gaze University Ploiesti, Romania

Abstract: *In the transition to the market economy, the approach of environment and the interdependencies between them and the organization is a very important issue in which strategic management has a decisive role. The SWOT Analysis gives a detailed knowledge of the multitude of exogenous and endogenous variables that influence the organization and also provides its efficient functionality in a competitive environment of increasingly fierce.*

Keywords : SWOT Analysis, strategic management, retail company

1. ORGANIZATION'S ENVIRONMENT

At the beginning of the third millennium, it is found that the dominant feature that characterizes the organization's environment is intensifying competition with the effect of customer diversification, increased market demands, increasing costs of research and development and the need for new modes of production approach based on flexibility and productivity. It requires a new approach to development management company if one takes into account some significant changes in the environment:

- Displacement ratio of power from producer to consumer;
- Existence in almost all cases of a higher offer than the demand;
- The existence of an environment characterized by uncertainty and risk and with very little certainty;
- Rapidly changing environment characteristics;
- Increasing competition among manufacturers, along with the emergence of competitive alliance relationships between

participants in the production chains that meet specific market segments.

Reduce the negative impact of these mutations, which can maximize the opportunities that occur require a new type of management in which anticipation of the environment and evolution are essential. [1]

In terms of competitive economies, the organization is insufficient to merely identify the needs of consumers. To make progress, it must identify their competitive advantages and disadvantages compared with other organizations, and constantly comparing products, prices, distribution methods and communication with those of competitors. To know their competitors, the organization must answer the following questions: Who are the competitors? What strategies adopted competitors? What are their goals? What are the strengths and weaknesses? Apparently, identifying competitors is easier when it comes closest competitors. But real competition is much bigger. Ignoring potential competitors is a major danger for the organization. It is not easy to predict who could be potential competitors, but in general they could be identified by:

- The organization's major customers or suppliers who may resort to strategies for integrating downstream or upstream;
- Companies that are outside the scope of activity but could overcome the obstacles set input;
- Companies for which an entry in the field of activity will provide a significant synergy effect;
- Companies compete for a job in that field of activity represents an extension of their core strategy . [2]

Taking into account the consequences that result from the entry of new competitors in the sector, existing enterprises should provide the danger that can represent them and take a series of measures to limit access by new competitors such as:

- raising of entry barriers in the sector and the barriers out of the old sector, to discourage potential competitors;
- response measures to the entry of a new competitor in the sector.

2. SWOT ANALYSIS- A TOOL OF STRATEGIC MANAGEMENT

In the modern economy, companies are key strengths of progress, development, are those that ensure your company's survival. Companies are divided in two categories: ones that get considerable success, prosper and grow continuously, and others who fight hard for financial survival or register modest economic performance. To examine the factors that determine success or failure of organizations have developed specific methodologies for analysis and diagnostics company. Strategic management involves the elaboration, implementation and control of the firm's strategy to increase performance and achieve organizational goals.

In essence, the specific of strategic management is the continuous analysis of the external environment on the one hand, to anticipate or timely notify the changes therein and on the other hand, the internal situation analysis to assess the company's ability to successfully cope with change . The method used in this sense is generically called SWOT acronym representing the words:

- Strengths are skills that give the organization competitive advantages compared with similar organizations;
- Weaknesses are weak points that generate competitive disadvantages;
- Opportunities are occasions, situations and are a combination of favorable external elements that cause significant benefits under terms of its particular course of action;
- Threats are hazards, adverse situations and are a combination of the organization's external elements that cause significant damage in terms of keeping their course of action.

SWOT analysis can be carried throughout the company or the shaping of deepening the investigation and analyze more detailed conclusions on the functional areas within the company: marketing, sales and distribution, production, research and development, financial department, personnel department. SWOT analysis has a highly quality nature allowing development of a diagnosis of past and current condition of the Company or its functional areas and outlines the prospects for long-term evolution of the firm and the respective areas.

For an efficient use of SWOT analysis is necessary to know its limitations both theoretical and practical. It is interesting that the last edition of the successful textbook, for example Lynch (2000) or Wheelen and Hunger (2006) highlights the criticism that bring this strategic management tool. SWOT analysis as Lynch's criticism (2000):

- Is not pervasive;
- Contains long lists of factors, but they are not logical;
- Use lists and sequences of factors in order to avoid dangerously their analysis;
- According Wheelen and Hunger (2006) SWOT analysis shows disadvantages:
 - Contains long lists of factors;
 - Does not realize a reflection of priorities;
 - Place a factor in two opposite categories;
 - Is reduced to a single level of analysis;
 - does not make a logical connection with the implementation;
 - Uses vague or ambiguous terms.



"HENRI COANDA"
AIR FORCE ACADEMY
ROMANIA



GERMANY



"GENERAL M.R. STEFANIK"
ARMED FORCES ACADEMY
SLOVAK REPUBLIC

INTERNATIONAL CONFERENCE of SCIENTIFIC PAPER
AFASES 2011
Brasov, 26-28 May 2011

Going by the critics, SWOT analysis must be set in a socio-economically realistic context. All particular forms of SWOT analysis are based on one of two models: the qualitatively or quantitatively model. The quality model develops lists of items with certain characteristics such as: listing the main internal factors that constitute the forces of the organization, listing the main internal factors that constitute the organization's weaknesses, listing the main external factors that constitute opportunities for the organization, listing the external factors that constitute threats to the organization, generating strategies. Quantitative model is to use a scoring system for internal and external environment factors, which will result from the aggregation of a pair of coordinates that will determine the company's position in a space of possible strategic combinations. [3]

3. SWOT ANALYSIS OF METRO CASH & CARRY COMPANY

Metro Cash & Carry opened its first store in Romania in 1996. In later years it focused on expanding the network reaching a total of 30 centers.

Internal environment analysis involves evaluating of the firms resources, of its potential in order to identify the strengths and weaknesses of it.

The strengths of the organization are:

- the international and national reputation of the concern;
- Price and promotion policy is an advantage that is sustainable with customers shaping now, the practice has contributed to low rates to attract customers;

As weaknesses are highlighted:

- In some cases providers fail to comply with the conditions and terms of delivery of products;
- Company faced with the inability to

meet customer demands through the formation of stocks to be produced with lower demand or by lack of stocks with high demand products;

- Greater flow of employees in a short period of time beyond what affects communication and customer satisfaction.

Another step in the SWOT analysis is the study of the external environment.

Opportunities:

- Geographic location of Metro Cash & Carry stores at the exit of the cities, on the main road favors a large commercial gravity and a migration of the demand from both inside and outside the city;

- Populations consumption growth trend of allocating a large part of income on food and non-food products; the company offers customers a wide range of goods which contribute to increased sales and increased customer satisfaction;

- Effective information systems of the organization through the customer database system, payment by card, check or bank transfer, audio / video systems to monitor the activity, the software which oversees stock rotation gives the company efficiency but also meets customer needs.

Threats are external factors, negative for the company, situations or events that may adversely affect their ability to achieve business objectives, leading to lower profits. Among these:

- Incomes of the population have reduced substantially due to economic crisis which manifested by bankruptcy of many companies and increasing unemployment;

- Inflation rate has increased: in 2010 inflation rate was 7.96%, a level almost double that recorded in 2009. VAT increase and last year's rises were the basis for this growth;

- VAT and price increase negatively affects purchasing power, rotation stocks

speed becomes slower leading to the danger of inefficient excess.

SO strategies use organization's forces to take advantage of environmental opportunities. They are aggressive and aimed at creating edge over competitors.

ST strategies use organization's forces to reduce the threat of adverse situations. Threats and risks of a single industry or business are avoided or impacts are mitigated by the diversification strategies. The question is to choose the right direction for diversification.

WO strategies are used to improve the opportunities for internal features or to avoid weaknesses. They are characterized by reorientation and redirection of resources to create a new product requirements of good times.

WT strategies are used to avoid the threat environment in conditions that are prevailing weaknesses. The position is unfavorable and defensive strategy that aims to take the fight for survival and reduce losses. [3]

As most organizations have characteristics that can generate combinations in all four modes, will result in strategies that have created all the categories mentioned above. Resultant strategy will be a combination of more efficiency. Even if there is a preponderance of one of the strategies, along with its characteristics is observed other characteristics of the other families. The organization will adopt strategies that will fit best with elements of internal environment as well as with the external environment.

Among the strategies adopted by the company Metro Cash & Carry are:

- Developing its own brand portfolio (ARO, Fine Food, Sigma);
- Remodeling existing stores;
- Organization of events dedicated to gastronomy industry specialists and small traders;
- Offering customers a wide range of products with the best quality-price ratio;
- Metro continues to expand by opening stores that are smaller than the existing surface, specially designed to support resellers and customers in the gastronomy industry

(Metro Punct);

- The possibility of buying goods through preorder;
- Flexible range, adapted to the specific area and potential customers;
- Strengthening customer orientation strategy combined with high productivity and efficient management of costs;
- Significant improvement of logistics processes;
- Developing customer loyalty programs in an efficient business .

4. CONCLUSIONS

Increased mobility of market phenomena, embodied in the specific dynamics of the modern economy and unprecedented, rapid and unpredictable changes in demand for goods, the supply-demand ratio and the price level, companies require full and immediate involvement in the market mechanism. Systematic study of internal and external markets, implementation of specific investigation methods and techniques of the market, to adapt to its requirements and its influence can not be performed without the use of management methods and techniques.

Although the strategy is an important part of strategic management process, strategies will not have the desired effect, if they are not properly implemented. Putting into practice the strategy includes all activities necessary for its operational, tracking progress, that strategic control and, ultimately achieving goals. Alternative strategic choice is made with consideration of all factors that may directly or indirectly influence the future status of the organization. A decisive factor is the initial state of the company's internally defined as a sum of distinct characteristics of their business, and externally as a sum of positions of these businesses in the context of the competitive environment. SWOT analysis can be perceived not only as a static analysis tool, but as a procedural approach to a strategy.



“HENRI COANDA”
AIR FORCE ACADEMY
ROMANIA



GERMANY



“GENERAL M.R. STEFANIK”
ARMED FORCES ACADEMY
SLOVAK REPUBLIC

INTERNATIONAL CONFERENCE of SCIENTIFIC PAPER
AFASES 2011
Brasov, 26-28 May 2011

REFERENCES

- [3] B. Bacanu- *Strategic Management Practices*, Polirom Publishing House, Bucharest(2006)
- [2] Gh. Carstea- *Strategic analysis of the competitive environment*, Economic Publishing House, Bucharest (2002)
- [1] O. Nicolescu- *Modern approaches in the organizational management and business*, Volume 2, Economic Publishing House, Bucharest (2003)