A SWOT analysis, or SWOT matrix, is a technique used by businesses and individuals to understand the strengths, weaknesses, opportunities and threats a company faces within a particular industry. Insight into these key factors affecting a market can help a business strategise ways to best leverage its resources and find its niche within that market, while also mitigating any potential threats to its ultimate success. This not only maximises that company's growth potential but also allows it to achieve its highest level of profitability.

IBISWorld industry research reports are a valuable all-in-one tool that can help businesses quickly and easily conduct SWOT analyses by clearly outlining all of the internal and external factors affecting a specific industry. Using IBISWorld reports as a guide, professionals can learn how to best navigate through all the ups and downs of their respective markets.

Understanding industry risk is about more than grasping the bigger picture; it is also about delving down into the company fundamentals and assessing these against industry best practice.

**Strengths**
- Products & Markets
  - Products & Services
  - Major Markets
  - Business Locations

**Weaknesses**

**Opportunities**
- Industry Performance
  - Key External Drivers
  - Current Performance
  - Industry Outlook

**Threats**
- Competitive Landscape
  - Key Success Factors
  - Cost Structure Benchmarks

**SWOT**

Rebecca Simon, April 2019
Use Industry Research to Conduct a SWOT Analysis

The SWOT Formula

Strengths and weaknesses
The first step in conducting a SWOT analysis is identifying the internal factors that affect your business by understanding your company's strengths and weaknesses. The most obvious way to ensure your company is living up to its full potential within an industry is to analyse industry best practices and align your own business practices with these standards.

Some questions you can ask to gain better insight into your company's strengths are:

• What advantages does my company have?
• What are the best resources my company is able to leverage?
• What does my company do better than other companies within my industry?

Similar questions that can help to identify your company's weaknesses are:

• What are other companies in my industry better at doing than my company?
• Where does my company struggle?
• What resources does my company lack?

IBISWorld industry research reports include sections that directly correspond to each part of the SWOT analysis, making them a vital tool for this formula. Knowing how to effectively navigate through industry reports can help you answer these questions, enabling you to quickly identify your company's strengths and weaknesses.

IBISWorld Chapter: Products and Markets
This chapter sheds light on the internal operations of an industry and provides a breakdown of the products and services offered by the industry, the markets it sells those products to, international trade that occurs within the industry and a map of where businesses within the industry are located across the country.

Products and Markets subsections to consider:

Products and Services:
This subsection segments all of the individual products and services offered by an industry into an average percentage of total industry offerings. In addition, each category is accompanied by an analysis of why this product or service segment is a particular size, citing market demand and operating conditions.

How does your company's product or service breakdown compare with that of the overall industry average? Understanding how other companies in the industry are segmenting their offerings can help your company identify which products or services are its strongest or weakest comparatively. Armed with this insight, your company can plan its strategy on how to best leverage its strongest product or service and, conversely, how to best improve its weakest-performing product or service segment.
Use Industry Research to Conduct a SWOT Analysis

Major Markets:
This subsection includes a segmentation of all the markets to which the industry sells its products or provides its services. Additionally, each market segment contains a detailed description of why the industry's products or services perform so well or poorly in that environment.

How does your market segmentation compare to that of the overall industry average? What is the strongest market for your industry or service and what is that segment's share of total revenue for your business? By comparing your strongest or weakest market to that of the overall industry, you can identify how to fully utilise your strongest market and better break into your weakest market.

Business Locations:
This subsection maps out where business establishments in the industry are concentrated across the country compared to population, and offers an explanation of why certain regions have the best operating environments.

Where are the majority of your business located? By comparing your locations to where most businesses in the industry are, you can determine how to best expand your locations within regions where you are already established and tap into regions where there is a thriving market and your business is not operating.

Opportunities / Threats
The second half of the SWOT matrix is distinguishing the external factors that affect your business by pinpointing your company’s opportunities and threats. While identifying opportunities within an industry and planning how to take advantage of them is an obvious way for a business to achieve growth, mitigating threats can be a crucial element in maintaining relevancy within a market. Since threats to a business within an industry are external and out of operators’ control, effective mitigation requires careful and detailed planning.

Some questions for a business to ask to determine opportunities within a market are:

- What are some new trends within the industry?
- What new technology has become relevant in the industry?
- What government policy or regulation has been enacted that affects this industry?
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Similar questions for a business to diagnose threats are:

- What quality standards or specifications are affecting my products or services?
- How are changes in consumer attitude or lifestyle affecting my company’s offerings?
- How do fluctuations in the price of inputs affect my company’s profitability?

IBISWorld Chapter: Industry Performance
This chapter provides a summary of how the overall industry has performed over the past five years, its forecast performance over the next five years, key external factors that influence industry performance and how the industry’s performance compares to that of the overall national economy.

Industry Performance subsections to consider:

Key External Drivers:
This subsection contains four to six external factors that strongly influence industry performance. These range from the price of inputs to consumer sentiment, and their growth direction can be a good indicator of how the industry is likely to perform in the near future. Additionally, within this subsection, one Key External Driver (KED) is labelled as an opportunity and one is dubbed a threat, which can be an obvious way for your business to determine its best strategy for future development. Understanding KEDs and how they affect the industry’s performance not only allow you to take advantage of opportunities when certain external drivers are increasing or decreasing, but also to mitigate threatening drivers as well.

Current Performance:
This subsection gives a detailed analysis of how the industry has been performing over the past five years. Within this section, key external drivers are more thoroughly explained and their impact on the overall industry is discernible. Gaining an understanding into the historical trends of the industry can help your business better plan how to mitigate external threats by seeing specifically how they affect the overall industry’s performance.

Industry Outlook:
This subsection gives a forecast of how the industry is slated to perform over the next five years. Within this section, metrics are given as to how specific external drivers will affect performance, which can help your business easily identify both opportunities and threats to its own profitability.

IBISWorld Chapter: Competitive Landscape
This chapter evaluates the external environment of the industry by determining the scope of each major player’s presence in the industry, listing key success factors for businesses operating within the industry, breaking down the costs associated with running a business in the industry, specifying competition within the industry and assessing barriers that business face upon entering the industry.

Competitive Landscape subsections to consider:

Key Success Factors:
This subsection lists specific qualities that successful businesses operating in the industry possess. These range from economies of scale to access to latest-available and most-efficient technology. By comparing your business to what a successful business in the industry looks like, you can easily determine growth opportunities and threats that need to be addressed and resolved.
Use Industry Research to Conduct a SWOT Analysis

**Cost Structure Benchmarks:**
This subsection contains a breakdown of all the average costs for businesses operating in this industry including profit, wages, purchases, depreciation, marketing, rent and utilities. By benchmarking your own business’ costs against industry averages, you can determine how to best allocate your budget to maximise profit margins. Identifying which of your business costs are above or below the industry average can help you discern growth opportunities and evaluate threats as well.

In addition to industry research reports, IBISWorld provides several supplementary tools that can be useful when conducting SWOT analyses.

**IBISWorld Risk Rating Reports**
These reports provide an analysis of the level of difficulty a business will face for the next 15 to 18 months by assessing structural risks, growth risks and sensitivity risks. Taking this information into account, analysts assign each industry a risk rating score based on short-term threats the industry will endure. Using these reports, you can quickly identify what threats your business will encounter in the near future and develop ways to best mitigate this risk.

**IBISWorld Industry Wizard Tool**
This online tool allows you to pull data from thousands of industry reports and risk rating reports and filter it into different focal points. By narrowing down the most important industry information into lists, this tool will enable you to discover other industries that have favourable operating environments for your business and identify opportunities for expansion and establishment of your business in those other industries.
Use Industry Research to Conduct a SWOT Analysis

Applying a SWOT Analysis

If thoroughly conducted and strategically implemented, the SWOT analysis can help a business achieve its fullest potential while enhancing its market competitiveness. Using IBISWorld industry research and tools, companies can easily classify each of the internal and external factors affecting their performance and learn how to leverage their strengths, overcome their weaknesses and fully take advantage of the opportunities within their market, all while effectively mitigating threats to their overall success.
At IBISWorld, we know that industry intelligence is more than assembling facts. It is combining data with analysis to answer the questions that successful businesses ask.

Identify high-growth, emerging and shrinking markets
Arm yourself with the latest industry intelligence
Assess competitive threats from existing and new entrants
Benchmark your performance against the competition
Make speedy market-ready, profit-maximising decisions

Who is IBISWorld?
We are strategists, analysts, researchers and marketers. We provide answers to information-hungry, time-poor businesses. Our goal is to provide real-world answers that matter to your business. When tough strategic, budget, sales and marketing decisions need to be made, our suite of Industry and risk intelligence products give you deeply researched answers quickly.

IBISWorld Membership
IBISWorld offers tailored membership packages to meet your needs.