***E-Commerce SWOT Design***

**Introduction -**

This report will be discussing the Produce a detailed SWOT analysis to support the implemented E-Commerce design.

**SWOT Analysis for Ecommerce Companies**

How to conduct a SWOT analysis — strengths, weaknesses, opportunities, threats — is something many MBA students learn. Unfortunately, businesses frequently treat SWOT analysis like geometry — one of those things you have to learn but will never use again. But SWOT analysis offers a concrete, real-world audit of a company and a scan of its relative standing within an industry.

While strengths and weaknesses are internal, they are measured on a comparative benchmark. Opportunities and threats are external — your opportunity is usually at the expense of another company in your industry. Likewise, threats come from the competition. Therefore monitoring your competition on an ongoing basis is a necessity. We addressed this previously, in ““How to Research your Ecommerce Competitors.”

**The Basics**

The objectives of a SWOT analysis are to build on your strengths and minimize your weaknesses. You will want to quickly take advantage of opportunities that present themselves and try to mitigate outside threats. In an industry that changes as fast as ecommerce, such an analysis should occur at least once a year.

A SWOT analysis takes a good deal of time. While you can do it yourself, it is often better to bring in an outside consultant who will have a more objective perspective. Your customers can be a good source of information about what you do well and where there is room for improvement and you should seek their input.

Ecommerce merchants should compare their businesses against both other online sellers and brick-and-mortar retailers. This complicates things because something that may be a strength when compared to a brick-and-mortar merchant — dynamic pricing, for example — may not be a factor for ecommerce competitors if they too offer dynamic pricing.

Markets change quickly and competitors may neutralize what was once an opportunity. For instance, ten years ago one of the advantages of ecommerce was the fact that websites offered 24/7 global shopping while brick-and-mortar stores did not. Now almost all traditional retailers have websites that compete with web-only sellers 24 hours a day.

**Strengths**

What do you do better than others in your industry? For ecommerce merchants examples might be a larger selection of products and faster or cheaper shipping than other ecommerce merchants. Do you make comparison-shopping easy and quick? Do you suggest other product options to your customers? These are competitive advantages.

Ecommerce vendors benefit from a structural advantage — you have lower operational costs than a brick and mortar store.

What makes your business unique? Do you offer niche products not available elsewhere? Are they handmade or one-of-a-kind?

**Typical Ecommerce Weaknesses**

Because of shipping times, there is no immediate gratification with ecommerce. Heavy, bulky and perishable goods are expensive to ship. Costs are always a headache.

Security and fraud concerns mean some people are still reluctant to use their credit cards online. Allowing customers to pay using PayPal can blunt this concern.

Showrooming has somewhat blunted the problem of shoppers inability of customer to touch the merchandise with shoppers looking at merchandise in stores and then using their mobile phones to place an order with an online seller, often while still in the store.

**Opportunities**

The questions you should be asking are “What new technologies can help me grow my business and attain an advantage over my competitors?” and “Where are my competitors vulnerable?”

Ecommerce changes every day. New technologies and features have helped level the playing field with traditional retailers. For instance, improvements to shopping cart software have created a quicker, smoother, more customer-friendly shopping experience. Live chat has enhanced ecommerce customer service, blunting the traditional retailer advantage. Using Big Data analytics could be an opportunity for ecommerce companies to better understand customer preferences. Social media sites provide free or low-cost promotions. But it’s up to the online merchant to stay current and adopt new features.

**Threats**

You should always be looking for broad industry shifts that might affect your growth. These include legal and regulatory changes. For instance, legislation currently before Congress might force all Internet sellers to collect sales tax.

Low barriers to entry are a constant threat in ecommerce. It’s easy to set up an ecommerce business, even in a garage. People can sell items via Facebook or eBay without setting up their own websites.

Big ecommerce merchants such as Amazon can always undercut smaller sellers on price. All ecommerce merchants are competing with Amazon and its successful $79 Prime shipping program. However, options now exist that can put online merchants on a more competitive footing with Amazon. We addressed that, in “ShopRunner May Help Merchants Compete with Amazon Prime.” Using such a service could diminish a weakness.

**Conclusion**

Using SWOT analysis on a regular basis, perhaps once or twice a year, will give you a broad overview of ecommerce industry trends, show you where you stand in relation to your competitors, and provide insights into mitigating your weaknesses and building on your strengths.