

Swot Analysis: SWOT Analysis Of Padini

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5.0 SWOT ANALYSIS

Strength(S)

1. Strong brand presence.
2. Diversified segmentation.
3. Exposure in major retail centres.
4. Strong brand image and brand reputation.
5. Cash pile available for distribution or store expansion.

Weaknesses(W)

1. Presently lacks international presence in most major markets outside Asia and Arabian countries.
2. Shortage of retail labour.
3. Poor advertising strategic.
4. Face difficulty in forecasting fashion trend.

Opportunities(O)

1. Increasing income level in Malaysia.
2. Mega carnival sales implemented by government.
3. Great inflow of tourist from foreign country.
4. ETP projects to further fuel growth of retail and tourism sector.
5. Implementation campaign on "buy Malaysian products".

Threats (S)

1. Seasonally driven by sales promotions and festivities.
2. Changes in cotton prices and increase minimum wage in China.
3. Potentially aggressive competition from new brand labels penetrating the domestic market.
4. Exposed to raw materials prices and material.
5. Insufficient R&D development.

5.1 Strengths

Padini has a strong brand presence in domestic market and exposure in major retail centre. Padini has a total of 80 freestanding stores and 140 consignment counters scattered around Malaysia. It has outlet in most major shopping centres nationwide, including Gurney Plaza Penang, 1 Utama shopping complex, and AEON Bukit Tinggi shopping centre. There are variety Padini product to be choose in the market which diversified segments represented in different brand cater to almost all ages as well as income group. Padini has a clean balance sheet which is with a net cash position where RM135 million cash pile available for distribution or store expansions.

5.2 Weaknesses

Although Padini is well-known in domestic market and certain foreign market, it is still presently lacks international presence in most major markets outside Asia and Arabian countries. There is inherent risk in forecasting the right trends. In accurate forecasts would result in poorer sales from unattractive fashions, as well as more inventory write-downs. Padini's pace of store expansion is contingent upon ability to procure front-end retail staff. Padini were once upon a time popular, however this popularity cannot be the same if no advertising is done. There is no advertising during periods of sales or launching of new products.

5.3 Opportunities

Economic Transformation Programme(ETP) boost the growth of retail and tourism sector. Padini should able to capitalize on Malaysia's growing affluence as people are able to afford higher priced items, on top of the value products the group offers. Malaysia government had implemented the Mega carnival sales which are held 3 times a year. This is to increase the sale and consumer spending because after the 97'crisis, consumers had been reluctant to spend. Besides that, there is a great inflow of tourist from Singapore and other foreign countries, especially during period of sales. The government has implemented a campaign on "buy Malaysian product". This is to increase sales of the domestic market and to help them survive the stiff competition. Increasing income level within Malaysian makes them more affordable to buy extra stuffing accessories.

5.4 Threats

Padini's sales generally fluctuate with seasonal festivities and other nationwide sales programmes. However, during quieter periods with no festivities (typically every Apr-Jun), the group sees comparatively lower sales figure. Padini's materials are in the form of finished goods, but increased in cotton prices, are appreciation of the Chinese RMB, and minimum wage hikes in china would translate into higher garment prices. The China Daily reported that the country's minimum wage will rise by an average rate of 13% over the next five years. Malaysia has seen a number of foreign brands (Uniqlo, Charles and Keith, Cotton-On) enter the country trying to tap on increasing domestic affluence, and that has resulted in mounting competition in the retail industry. Insufficient of R&D department cause the company unable to monitor the fashion of clothing in Malaysia and in other leading country.

6.0 TOWS MATRIX

Strengths (S)

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SO Strategies

1. Build on brand loyalty. (S1,S3,O3)
2. Increase the store outlet. (SSO1)
3. Provide variety of products. (S2O5)

WO Strategies

1. Increasing awareness of customers about sales through media. (W3O2)
2. Improve distribution channel through agency service. (W1O4)

Threats (T)

1. Seasonally driven by sales promotion and festivities.
2. Changes in cotton prices and increase minimum wage in China.
3. Potentially aggressive competition from new brand labels penetrating the domestic market.
4. Exposed to raw materials prices and material.
5. Insufficient R&D development.

ST Strategies

1. Gains competitive advantage among competitors. (S1S2S4T3)
2. Increase social responsibility by doing charity. (S4T1)
3. Manage the profit effectively. (S5T5)

WT Strategies

1. Doing marketing research. (W4T5)
2. Aggressive advertising. (W3T3)