

SWOT analysis for opening the e-commerce channel in a women's clothing and accessories store

Cinthia Aparecida Marques Lisbôa¹, Mauricio Johnny Loos².

ABSTRACT

The evolution of information and communication technologies since the second half of the 1990s has led to the emergence of a new model of commerce: so-called electronic commerce or e-commerce. The Internet is the resource that allows sellers to create websites that show and offer products with their respective qualifications, thus allowing consumers to view, analyze and make the purchase and payment in the way that best meets their needs (BORNIA; DONATEL; LORANDI, 2006).

Keywords: SWOT, E-commerce, Information technology.

INTRODUCTION

The evolution of information and communication technologies, starting in the second half of the 1990s, led to the emergence of a new commerce model: the so-called electronic commerce or e-commerce. The internet is the resource that allows sellers to create websites that show and offer products with their respective qualifications, thus allowing consumers to view, analyze and make purchases and payments in the way that best meets their needs (BORNIA; DONATEL; LORANDI, 2006).

According to Albertin (2010), electronic commerce can be defined by the use of the internet to buy and sell products, services or information.

Online platforms are an important source of information about new types of products, price comparisons, delivery times, information about companies, products and competitors. The consumer has the possibility to check the advantages, characteristics, prices, technical assistance network and other benefits that each company offers, having access to personalized products or even new launches.

For Mendes (2013), e-commerce is a means of facilitating negotiations, thus obtaining a quick, easy and safe sales process; offering consumers convenience and ease in researching products and prices without leaving home. For the company, some advantages are reduced operating costs, increased sales channels and versatility in service.

E-commerce has been increasing its revenue every year around the world. Companies that aim to enter this field, or that already have one, face a challenge, which is to become competitive in an

¹ FBUni – Farias Brito University Center - MS
cinthiap_lisboa@hotmail.com

² FBUni – Farias Brito University Center - MS
mauricioloos@hotmail.com



environment to so many offers. In this scenario, an important tool for analyzing market positioning is the SWOT analysis.

The work presents an overview of how e-commerce is present in retail. Data that highlights its growth, both in number of fans and in revenue, the main positive and negative aspects and how consumers behave when faced with the virtual shopping channel.

GOAL

The object of analysis of this work is the use of the SWOT matrix to verify the feasibility of implementing a virtual channel to boost sales of a women's clothing store and increase its competitiveness.

METHODOLOGY

The methodology used to develop this work was action research, precisely because it favors discussions and joint production. According to Thiollente (2011), this methodology has an empirical basis and is strongly related to an action or the resolution of a collective problem, where researchers and participants are involved in a cooperative or participatory manner.

Action research involves participants conducting questions in a systemic way whose purpose is to help them improve their own practices, which in turn can also improve their work environment and the work environments of the people who are part of it (KOSHY; KOSHY; WATERMAN, 2010).

Action research provides research subjects, participants and researchers, with the means to respond to the problems they experience with greater efficiency and based on transformative action. It facilitates the search for problem solutions by participants, an aspect in which conventional research has achieved little (THIOLLENT, 2011).

This work carried out a SWOT analysis for the implementation of e-commerce in a women's clothing store that has been on the market for 7 years. The store currently uses the internet to promote looks and promotions via Instagram and Facebook, but does not sell through these channels. The owner presented relevant information regarding the physical store, which was systematically analyzed in the SWOT tool, in order to define strategies to maintain the enterprise's strengths, reduce the intensity of weaknesses with the insertion of the virtual store, take advantage of opportunities and protect against future threats that e-commerce may offer.

Physical companies that start to operate in the virtual environment find: the possibility of carrying out new business, reducing costs, increasing the speed of customer service and increasing return on investments. Among the perceived threats, it refers to companies that do not care about adapting their processes, using this new tool (VASCONCELLOS, 2013).



DEVELOPMENT

In the theoretical review, relevant information about the development of e-commerce, changes in traditional retail and consumption patterns were addressed.

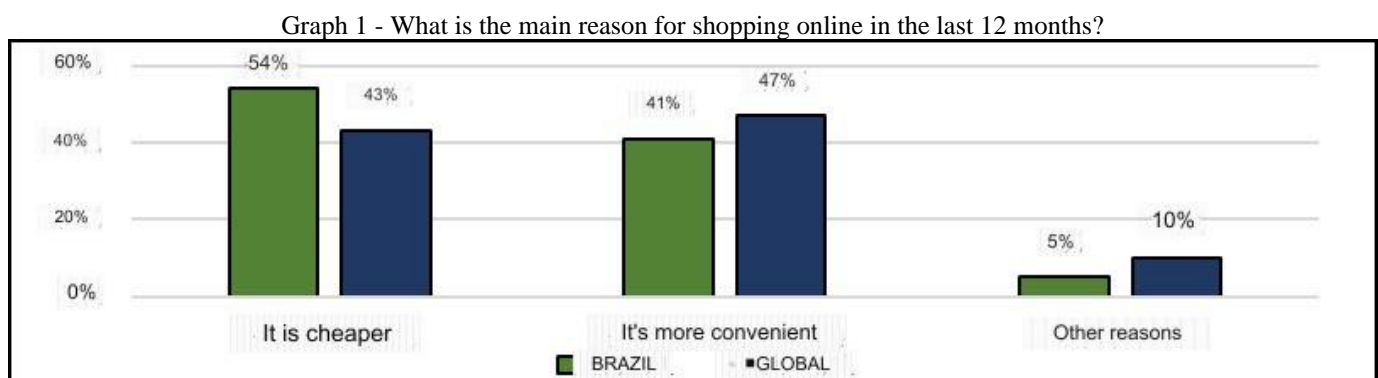
OVERVIEW OF E-COMMERCE FOR RETAIL

The advancement of new technologies and the possibility of interacting with the whole world were crucial factors in the development of e-commerce for society and changes in consumer behavior. They can search, compare and buy, demanding easy access at any time and at the same time seeking welcoming, customized services and better prices. The use of mobile devices when making purchases is a preference of the so-called “Generation Y”, who also value sharing opinions, participating in communities and defending causes (Total Retail, 2016).

For companies, one of the productivity differences that e-commerce provides is cost savings, especially those related to capital and labor. Compared to traditional retail, the structure of an e-commerce typically requires a smaller volume of investment in physical assets, such as store buildings, parking and property purchases. Furthermore, as it does not require a sales team, it can operate with a reduced number of employees. Companies that adhere to e-commerce have lower salary expenses, charges, training and commissions (GALINARI et al. 2015).

The choice of e-commerce as a shopping channel is due to several reasons, such as: lower prices compared to traditional retail, convenience and diversity. PWC carried out research in the Brazilian and international markets, asking: What is the main reason for shopping online in the last 12 months?

For Brazilians, price is the main reason for making purchases online, while the global sample points to convenience as a decision-making factor, Graph 1.



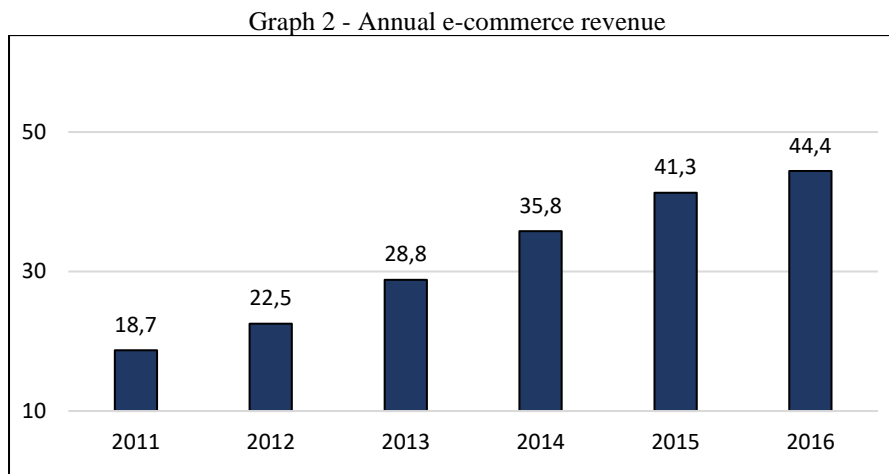
Source: PWC, TOTAL RETAIL SURVEY (2016)

In Brazil, one of the biggest challenges in increasing the convenience of e-commerce is in relation to delivery times due to the infrastructure, logistics chain and costs involved. In the United States, for example, there are retailers that deliver within 24 hours.



According to data from E-bit (2017), a company specializing in e-commerce information, the average delivery time promised by stores was 9.4 days in 2015 and 9.1 days in 2016. However, between these two years there was an increase the number of delays went from 7.5% to 8.5%.

At a slower pace, Brazilian e-commerce grew in 2016. According to data collected by E-bit, e-commerce revenue was R\$44.4 billion, growth of 7.4% compared to 2015, as shown in Graph 2.



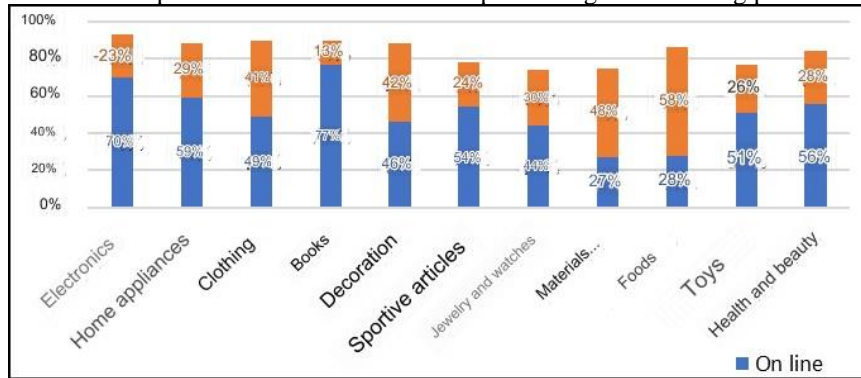
Source: E-bit (2017)

Annual revenue from purchases made online has been increasing along with the number of people using this channel. In Brazil, 48 million consumers made at least one virtual purchase, an increase of 22% compared to 2015. The popularization of the use of mobile devices played a relevant role, as 21.5% of virtual purchases were made using smartphones or tablets (E-bit 2017).

Retailers have come to terms with the ubiquity of online retail and the fact that its growth has diminished visits to physical stores. The challenge is to generate an experience in the physical store that can improve the conversion of the visits it receives. The internet presents technical data and product reviews that sellers often do not know how to provide, but people often go to physical stores to try, see, feel and touch, regardless of where they finalize their purchase.

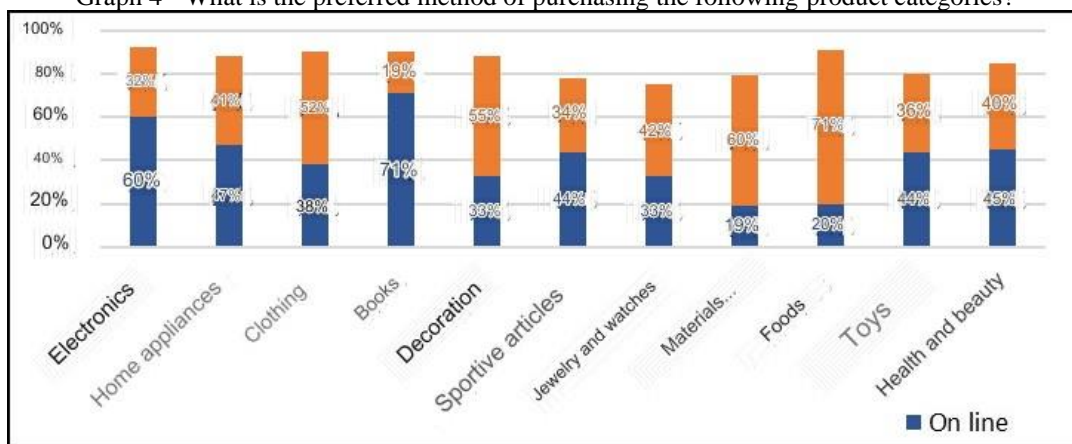
Total Retail (2016) presents data, Graphs 3 and 4, which show that in several categories consumers research the product online, but want to have contact with the product and finalize their purchase in the physical store.

Graph 3 - What is the preferred research method for purchasing the following product categories?



Source: Adapted PWC. Total Retail Survey, (2016)

Graph 4 - What is the preferred method of purchasing the following product categories?



Source: Adapted PWC. Total Retail Survey, (2016)

According to the Brazilian Society of Retail and Consumption (SBVC), e-commerce is an extremely important channel for retail, both for sales and for relationships with customers. The integration of online operations with physical stores emerges (opening new options for purchasing and collecting products).

The largest physical store companies also operate digital e-commerce as part of consumers' shopping journeys, reflecting not only a market trend, but also the maturity of companies in the sector in embracing the business possibilities opened up by this trend.

SWOT ANALYSIS

The SWOT analysis aims to provide a strategic positioning of the company. Daychouw (2010), highlights that SWOT analysis is a simple tool from which one can detect the strategic position in which the company finds itself within its operating environment, as it is a tool where the competitiveness of an organization is studied, having based on four variables: Strengths, Weaknesses, Opportunities and Threats.

According to Da Silva et al (2011), it is through the analysis of a SWOT Matrix that the organization sees clearly and objectively what its strengths and weaknesses are within the internal



environment and its opportunities and threats within the external environment. Thus, by having this vision of how the company is inserted in the market, it is possible for managers to develop strategies in order to obtain a competitive advantage, as well as improve the organization's performance.

Strengths are internal elements that can bring benefits to the business. Weaknesses are internal elements that can hinder the business, and because they are within the reach of managers, it is possible for the weakness to be worked on. Opportunities are situations external to the company that can help your business grow or fall. Threats are external elements that can negatively affect the business.

PRESENTATION AND DISCUSSION OF RESULTS

Taking into account the company's information, a SWOT Analysis was carried out, presented in Table 1, in order to assist in the decision whether or not it is viable to open the digital channel for sales, and in the context in which the store is located, what would be the strategies for do it efficiently.

Table 1. SWOT Matrix

Forces	Weaknesses
Structured store in the market	Dependence on information technologies
Large customer base	Difficulty adapting business processes
Engaged employees	Dependence on the Post Office to carry out deliveries
Pieces that follow fashion trends	High cost for delivery
Quality merchandise	
Opportunities	Threats
Increase in sales channels	Vulnerability in financial transactions
Rapid market growth	Logistical problems, strikes that can lead to delays in deliveries
Search for alliances	
Greater visibility of the store name	
Development of digital marketing	

Source: Prepared by the author (2017)

The main strengths are in relation to the structure of the company, which has been solid in the market for seven years and in e-commerce finds an opportunity for growth, increase and customer loyalty.

Weaknesses refer to the transition and adaptation of the use of the digital channel for sales, for this reason they must be studied and analyzed in detail, as eliminating or reducing weaknesses considerably increases the chances of success.



The big challenge is to maintain the high level of customer service in the online store in the same way as in the physical store. One of the differentiating points of e-commerce will be to create a website and mobile application, which highlights different looks and the customer can view all the pieces and create different looks and combinations, resembling the experience that the customer you have when you arrive at the store and try on different items of clothing.

In addition, the digital space will also provide articles, videos about fashion trends, what type of clothes to wear on certain occasions, questions and answers, aiming to virtually create a relationship with customers.

FINAL CONSIDERATIONS

With technological advances, the use of mobile devices and the internet is increasingly accessible to consumers, providing them with greater mobility when purchasing products and services. This work presented data on how consumer behavior has been changing and how e-commerce is becoming part of people's lives. Shopping in the virtual environment is a reality, and the biggest advantages for consumers are lower prices and greater convenience.

E-commerce tends to raise the level of competition in the retail sector. Companies are adapting and creating opportunities in the virtual environment, generating increased business visibility by offering products 24 hours a day. To gain space in this promising market, but characterized by high rivalry, e-commerce companies tend to invest in modernizing their operations and hiring qualified professionals, which makes them more efficient and knowledge-intensive.

Based on information from the digital market and information from the women's clothing store, the SWOT matrix was created. The analysis of this matrix makes it possible to see in which environment the e-commerce will be inserted and create a project based on relevant data.

Therefore, it can be concluded that simply generating a digital sales channel for a physical store is not synonymous with success, as competition in this environment is very fierce. The proposal to gain competitiveness in this work is to create platforms for selling products and fashion tips, in order to generate value for the customer and gain positioning in this new market.



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