

Product SWOT



How to look at your product the way consumers, investors, licensees, retailers and the media see it.

PRODUCT SWOT

ANALYSIS

How to Know Analyze Your Product's

Strengths, Weaknesses, Opportunities and Threats

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What is a SWOT Analysis?

SWOT analysis is normally done to assess the **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats that contribute to the success of an enterprise. We created this template for entrepreneurs and inventors to help you analyze *products* rather than an entire business.

Below are lists of questions to help you think about how your product may be viewed by different prospective customers including: **consumers** who are interested in your product's benefits; **investors** who may have a financial interest that will give them a substantial return; **retailers** who want to sell it at a profit and serve their customers; **licensees** who want to license the right to manufacture and sell your product to earn a profit; and the **media** that wants to do a story on a product that they feel will interest their viewers. We have not singled out **distributors** or **sales reps**, but they will have many of these same questions about your product.

Each one of these prospect categories has different motives. They need answers tailored to their specific questions. The better you understand their needs and points of view, the more able you will be to create a pitch to engage them and fulfill their needs.

Consumers care about product cost and the specific benefits the product offers. If you are selling direct to consumers on your website, or through an intermediary like Amazon or Yahoo or Shopify, you need to be clear about your product's features and benefits such as convenience, safety, style and play value. Consumers care about products with higher status, which can often be reflected in the style of packaging. Consumers love to see videos of how your product works. They care deeply about product reviews by real users, so the more testimonials and social proof you can show them, the better.

Investors will also want to know about the size of the market for your product, what you will do with their money and when and how their principal will be repaid. They want to know how much money you want from them and how you will spend it. They want to know if the product has intellectual property protection such as a utility or design patent, a word or configuration trademark, copyrights, or trade secrets that will give you a competitive advantage and not be easily copied. They are interested in line extensions to grow your brand. They care about profit margins, the higher the better. They like it if you can launch your product with a minimum cash outlay. They care if it is cross cultural so it can be sold worldwide.

Retailers like consumables. They want value pricing and want to be assured you can fill purchase orders on time so their shelves are never empty. They want to know how you will merchandise the product. Some chain stores, especially supermarkets will want you to pay slotting fees to acquire shelf space. They care about product failure rates and returns that might hurt their reputation. They want to be sure your packaging explains

the problem and the solution in pictures more than words. Self service type retailers like Walmart don't like products that need to be demonstrated, but direct to consumer marketers, online retailers and TV shopping channels prefer products that can be easily and dramatically demonstrated

Licensees want strong intellectual property protection. They may not be as familiar as you with the market segment that your product fits, so they want to know more about your target customer. They will also be concerned about the rate of royalties they need to pay for granting them a license. They have many of the same needs as investors and are especially interested in the minimum cash investment needed to get your product manufactured and into the market. They love upsells and line extensions so they can keep the brand going from year to year. They would love a ten time markup from cost of manufacture to consumer.

Each of these descriptions below are statements that either fit your product now, or need to. For example, if your product solves a problem that a lot of people care about and will pay money to solve, that is an important strength. If your product does not contain these strengths, you need to rethink your product. Go through each description and see if it fits your product. Check off the descriptions that apply. If you have a lot of checkmarks, you are on the right track toward answering the questions your different prospects care about.

What Are Your Product's **STRENGTHS?**

Your product...

1. Solves a problem that a large number of people care about and are willing to pay money to solve. (It saves, increases or decreases something such as time, energy, money, space.)
2. Fits in a well-known product category so people can find it in stores or online
3. Offers a good value meaning it is priced right
4. Is convenient and easy to use
5. Can be protected by patent, trademark or trade secret
6. Will sell to consumers for 10 times its total mfg. cost
7. Is easily prototyped and can be market tested to reduce risk on launch
8. Can launch with a minimal cash outlay
9. Is understood by users without needing demonstration
10. Is consumable so users will buy again and again
11. Has a low failure rate generating few returns
12. Is easy to fulfill through outsource shipping and handling
13. Clearly uses the packaging to communicate the problem it solves and the solution
14. Is gender neutral or clearly positioned for one gender or another
15. Has play value (if it is a toy or game)

16. Is age neutral, or it is clearly targeted within a specific age range
17. Is recession-proof because of its low price, or is an essential
18. Is cross cultural
19. Provides status so people feel good about owning and using it
20. Can support line extensions, especially important for licensing

What Are Your Product's **WEAKNESSES?**

Your product...

1. Has limited sources of manufacturing (requires unique machinery and materials)
2. Requires material that is hard to source (rare earth metals)
3. Is too easy to manufacture or even make at home or make on demand (like books or tee shirts)
4. High price requires significant investment by consumer
5. Hard to merchandise in retail stores
6. If it is a toy or game, it has no play value meaning it can't be enjoyed again and again
7. Has a low gross profit margin
8. Must be demonstrated to be understood
9. Is unique but doesn't fit into a known product category where people can find it
10. Requires a professional tradesperson to install it for the user such as an electrical appliance
11. Is expensive to maintain
12. Has expensive replacement parts
13. Has no clear distribution channels
14. Must compete with existing companies with market power
15. Is not attractive
16. Is difficult to use and requires a lot of directions
17. Solves a problem no one cares about enough to pay money for your solution
18. Has not been thoroughly tested before introducing it into the marketplace
19. Is dangerous to use and requires safety instructions
20. Is difficult to ship
21. Is not one size fits all so there may be a lot of returns due to lack of fit
22. Cannot be protected by patent, trademark or copyright

What Are Your Product's **OPPORTUNITIES?**

Your product...

1. Can be first in the market helping you establish your trademark and grab share of mind and shelf space
2. Has a 10 time profit margin making it good for direct response TV product and mail order catalogs
3. Takes advantage of a trend, e.g. smartphone chargers and protective cases, folio for commemorative state quarters, scrapbooking supplies,
4. Has high gross profit margins which draw investor interest
5. Is media friendly, meaning you have a good origin story and a likable inventor
6. Can piggyback on a well-known product or celebrity to build awareness
7. Is a strong impulse item
8. Makes a great gift
9. Contributes to a greater purpose such as alleviating hunger

What Are Your Product's **THREATS?**

Your product...

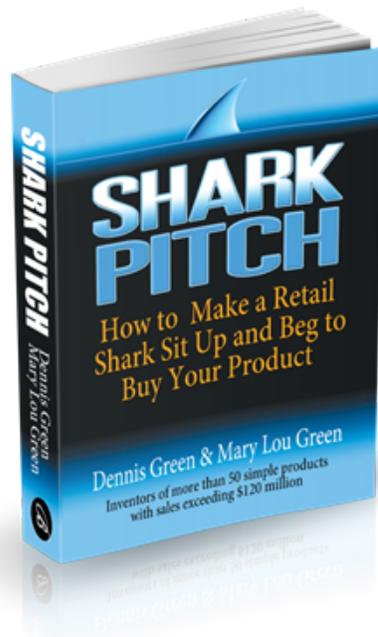
1. Can be made obsolete by large competitor who controls distribution in your market segment
2. Doesn't have patent and trademark protection or protection is narrow and easily reverse engineered
3. Is controlled in the market by a few major distributors who can make or break your product
4. Has no direct sales to customers but relies on intermediaries with little loyalty
5. Has manufacturing outsourced, adding a level of cost that can be undercut by other manufacturers
6. Has high gross margins making it a target of sellers who are willing to take less profit
7. Doesn't meet customer expectations and can be usurped by competitor's improvements
8. Is made by contract manufacturers so quality is hard to control and maintain
9. Is licensed to a single company that can stop paying royalties so you don't have money to litigate.
10. Isn't profitable enough for you to fight knockoff products that are damaging your brand and credibility



The Three-Step Pitch

The simple secret to selling through engagement rather than persuasion.





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The Three-Step Pitch Summary

Step 1. State the problem you are solving.

Step 2. State how your product solves the problem.

Step 3. Wait 5 seconds for the prospect to ask a question.

Waiting for the prospect to ask questions engages them in solving the problem. Their question reflects what they are interested in. If they don't ask any questions they may not care about the problem or the product. You can test their interest by telling the story of how

you recognized the problem and why you decided to solve it. Other benefits you can talk about to stimulate their curiosity are:

- If the product is patented, talk about what makes it special.
- If it is made in the USA, mention where is it shipped from.
- It has been fully tested, talk about test results.
- If it is selling in other stores, name them.
- If safety is a concern, talk about how safe it is.
- If the prospect still shows no interest, ask them why they aren't interested.