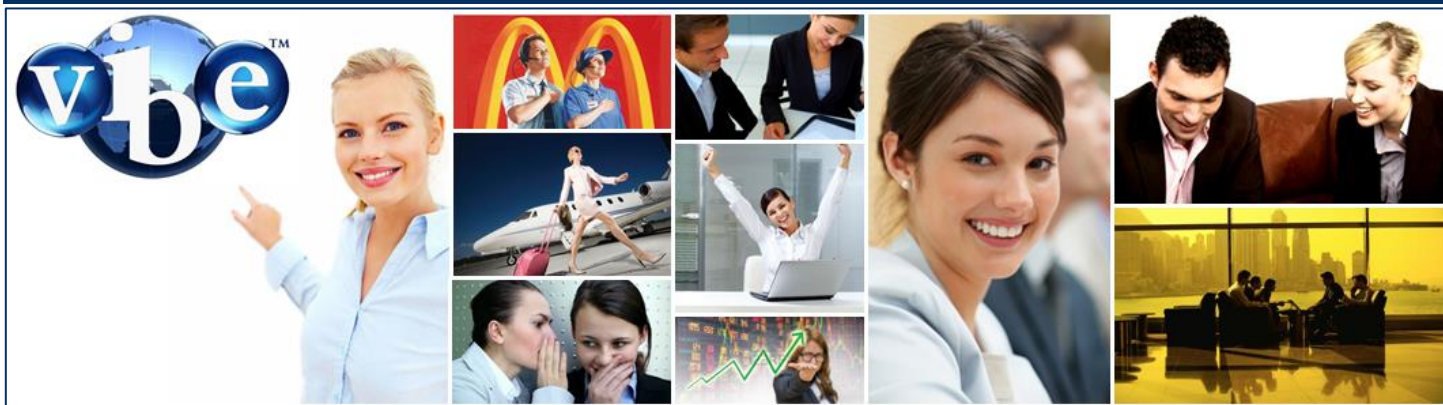


Utopia SWOT Analysis



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IB BUSINESS MANAGEMENT – PRE-RELEASED CASE STUDY MAY 2017: SWOT ANALYSIS

The internal strengths and weaknesses, and the external opportunities and threats are analysed and used to evaluate the Utopia business model. A summary SWOT is provided in Table 1 below, and each point should then be comprehensively explained by the student.

<p>Strengths:</p> <ul style="list-style-type: none"> ▪ Established and profitable business operation. ▪ Finance. Strong balance sheet with low levels of debt. ▪ Established brand. ▪ Differentiated product. ▪ Customers are mostly wealthy and relatively insensitive to price. ▪ Relatively high gross profit margins. ▪ The location of Utopia. ▪ Privately held company. ▪ Low cost of local labour. ▪ Effective supply chains sourcing fresh local produce. 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ▪ Finance. The business will only consider internal sources of finance to pursue growth opportunities. ▪ Relatively undiversified with just two revenue streams. ▪ Marketing. Utopia's reliance on word-of-mouth advertising limits its promotional opportunities and reduces sales revenues. ▪ Management. The paternalistic style of John's leadership has resulted in businesses that are family-run and this means that they are unlikely to have the skills of qualified and professional managers.
<p>Opportunities:</p> <ul style="list-style-type: none"> ▪ Increase prices as wealthy customers may be relatively insensitive to higher prices. ▪ Expand the number of villas to cater for higher numbers of guests. ▪ Pursue additional revenue streams – souvenirs. ▪ Pursue additional revenue streams – selling Aora coffee beans in New Zealand. 	<p>Threats:</p> <ul style="list-style-type: none"> ▪ Natural disasters such as hurricanes and tsunamis can quickly destroy Utopia's own infrastructure as well as the supporting infrastructure on Ratu (e.g., roads) and neighbouring islands (e.g., airports and ports) that tourists are reliant on to reach Utopia. ▪ Other threats from nature such as mosquito borne diseases (dengue fever and Zika virus) or an influx of jellyfish.

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<ul style="list-style-type: none"> ▪ Pursue additional revenue streams – develop additional tours and activities for guests (e.g., weddings). ▪ Pursue additional revenue streams – develop a new resort in a new location on Ratu or other Pacific Island. ▪ Improving internet infrastructure will enable better and faster communication and allow Utopia to establish an effective social media presence. ▪ Develop a promotional campaign to target potential customers instead of relying on word-of-mouth promotion. 	<ul style="list-style-type: none"> ▪ Sea level rises and an increase in the number and size of storm surges. ▪ Increased competition from a new resort on Ratu or nearby islands. ▪ Poor word-of-mouth promotion from guests (e.g., a shark attack or bout of food poisoning amongst guests). ▪ Supply chains. The café (and potential wholesale operation) is reliant on a single supplier of coffee beans. ▪ Coffee is a commodity, and thus subject to high levels of price volatility.
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Table 1: Summary SWOT analysis for Utopia

Source: www.BusinessManagementIB.com