Strategy Analysis of Green Enterprises Based on SWOT under COVID-19
– A Case Study of Planet Super League

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Abstract. With the continuous deterioration of the environment, the issues of global environment protection continue prevailing and drawing more attention. Many green enterprises have emerged and taken the responsibilities. This paper uses SWOT analysis to analyze the development of Planet Super League from four aspects and put forward relevant strategic suggestions for a more sustainable development including making full use and advantage of social media, expanding business and enhancing multilateral cooperation.

Keywords: SWOT, Strategy Analysis, Green Enterprise.

1. Introduction

The world has been changing rapidly and significantly. On the one hand, the COVID-19 pandemic has evolved from a public health emergency to a global crisis since its outbreak at the end of 2019 and has significant and lasting impact on the global economy. Under these circumstances, the situations of enterprises have changed dramatically as well. Meanwhile, the business strategy of the enterprise has also changed with the development of the pandemic. On the other hand, the issue of climate change has always been a major concern of the whole world. Since 2020, climate change has not been stopped by COVID-19 pandemic. Frequent extreme weather events have caused a large number of casualties and property losses. On the whole, the international process of addressing climate change is progressing steadily. The international community has held several important meetings to discuss the important issues to address climate change. An increasing number of countries and enterprises have announced their commitment to carbon neutrality.

More and more enterprises are taking responsibilities for protecting the environment. With the development of global economy and environmental governance, a “green wave” is sweeping the world. A number of green enterprises have emerged. The existence of green enterprises helps to protect and improve the ecological environment, improve the economic benefits of enterprises and coordinate the development of the environment and the economic situation of enterprises. Besides, the goals of green enterprises (survival, profitability and development) are closely related to the environment. Compared with traditional enterprises, green enterprises aim at combing both economic benefits and environmental benefits with less pollution of manufacturing and have positive benefits to the society. At the same time, more and more entrepreneurs are also looking for a balance between ecological and economic benefits and trying to develop or create markets for green products and services. The greening process of the whole society is a green entrepreneurial process from ecological decline to green sustainable development. Greening will not be a burden to enterprises, but more likely to provide a broader space for the development of enterprises. Under the ecological oriented and market orientated situation, the development of green enterprises has a favorable prospect.

SWOT analysis is an analytical technique that are commonly used for strategic planning. The main purpose of the SWOT analysis is to analyze the internal advantages and shortcomings of the enterprise in order to master its own characteristics, and to discern the enterprise external opportunities or threats; then the combination between different factors is discussed, and the feasible measures are put forward to bring the benefits to the development of the enterprise eventually [1].

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SWOT analysis has been widely used in various industries. Many researchers studied the agricultural sector using SWOT analysis. An article made a SWOT analysis of organic agriculture in Uzbekistan [2]. Research analyses the condition of and prospects for the Russian agriculture during Putin’s fourth term by using a SWOT framework [3]. A study used SWOT to analyze the cocoa industry development in West Sulawesi Province and provided the strategies and policies that need to be taken into account [4]. Besides, SWOT analysis has been studied for decades as a means of teaching strategy formulation to students. Recent research presented a refined and enhanced SWOT framework that helps bridge the “theory versus practice” pedagogical debate on how best to teach strategy formulation [5]. In addition, the SWOT model was also used to study the pattern of pension service under the background of health aging and the application and innovation in urban strategic planning [6-7]. Moreover, Sameer discussed about the present and future role of social marketing research and practice through SWOT analysis [8]. Overall, SWOT is more often used to analyze the business strategy of the enterprise and the risk management of projects. However, the literature on the strategic analysis of green enterprises by SWOT is still relatively insufficient.

Using SWOT analysis involves a series of preconditions. Piercy and Giles argued that the use of SWOT analysis had generally become sloppy and unfocused. When using this tool, the definition of the evaluated areas should be based on a specific product market, a specific customer segment, a pricing policy in a particular market and a marketing communication for different customers [9]. The careful definition of the area to be evaluated is of great significance, which is conducive to promote the productivity of the SWOT analysis. In terms of the steps of SWOT analysis, first of all, the enterprise studies the advantages and defects and puts the possible opportunities or threats into the relevant analysis matrix. Then, organically combine the internal advantages and external opportunities while the internal deficiencies and external opportunities are combined as well. Thus, the opportunities are measured in two ways. Eventually, the enterprise can decide whether to increase investment to turn the deficiencies into advantages, or to give up the opportunities and control the losses within a lowest range.

SWOT analysis has certain merits. In fact, the strengths, weaknesses, opportunities and threats involved are the eternal themes of strategic research in all fields. In other areas of strategic research, such as corporate strategy, regional development strategy, science and technology strategy, energy strategy, and even international political strategy, researchers need to study the strengths, weaknesses, opportunities, threats and other questions [10]. Therefore, a comprehensive method of analyzing strengths, weaknesses, opportunities and threats should become a common and universal analytical method in strategic research. SWOT method matches the seemingly irrelevant factors with each other in a systematic way for comprehensive analysis, which makes the formulation of the enterprise strategic plan more scientific and general.

However, many scholars believe that SWOT analysis has great defects. It has been criticized that it tends to involve subjective views of the individuals who participate in the process of analysis and that the SWOT factors are not prioritized by their significance so it might result in an improper strategic action. Recent research offered an approach that diminished the two disadvantages mentioned above by applying Importance-Performance Analysis (IPA) to produce the prioritized SWOT corresponding to the customers’ perception [11]. Another article stated that SWOT analysis assumes that the four factors of the research object independently affect the strategic measures, that is, as long as the external environmental is generally represented as opportunity, the research object should adopt an aggressive strategy sooner or later [10]. This is clearly quite unreasonable. According to the theory presented by Vlados in 2019, the conventional SWOT analysis uses a linear method and suffers from an analytical myopia observed in its applications. It perceives the strengths and weaknesses of the organization one dimensionally, in restrictively absolute terms and not in an always correlative, comparative and evolutionary way. Moreover, it neglects the opportunities and threats that derives from the change of the external environment [12].

Therefore, some researchers have tried to improve the SWOT analysis. To remove the analytical myopia of the conventional SWOT analysis, Vlados counter-proposed a new approach of SWOT
analysis, which gives the opportunity to the organization to find its competitive roles in the dynamic internal and external environment, where it cannot be easily challenged by the opponents and helps to connect the paths of strategic analysis and synthesis in an evolutionary way. It is clear in this new approach that only the comparative/correlative strengths and advantages of the organization are generating and nurturing the specific future opportunities [12]. Furthermore, SWOT analysis is an analysis tool and does not obtain the process of quantitative analysis in a certain degree.

2. Data and method

2.1 Data

Planet Super League is an eco-dedicated start-up with eight staff. This green enterprise is dedicated in the cause of climate change, pollution and the destruction of natural habitats. Planet Super League brings about a group of football fans and incentivizes them to take action on climate change. Planet Super League has built up several partnerships with different eco-friendly organizations. Individuals can find over eighty activities in different categories including food, energy and travel on its official website. People taking positive eco-friendly actions, taking pictures and sharing them on the community website are rewarded and scoring goals for their favorite football club. Planet Super League organizes festivals of sport and special sustainability tournaments for football clubs, schools and business regularly. The scores will reach their hundreds in the fight for football and climate glory and help their supported football teams win the special tournament.

2.2 Method

SWOT analysis is often used to formulate the development strategy of the company and analyze the situation of competitors. It is one of the most commonly used methods in strategic analysis. SWOT analysis is based on the internal and external competition environment and conditions. Various internal strengths, weaknesses and external opportunities and threats that are closely associated with the object of the study are combined through an investigation list. Then, the factors are systematically analyzed and arranged in a matrix form. Eventually, a series of critical conclusions are drawn. Using SWOT analysis, the situation and surroundings of the targeted object can be comprehensively, systematically and accurately studied, so as to formulate corresponding development strategies and plans according to the analysis results. According to the complete concept of enterprise competitive strategy, strategy should be an organic combination between the strengths and weaknesses of the organization and the opportunities and threats of the environment. SWOT analysis helps leaders and managers make the proper decisions and plans for the organization.

3. Results

3.1 Strengths

3.1.1 Accurate positioning of consumption trends

The purpose of marketing is to constantly meet customer needs and cater to consumer trends from different levels of demand. Nowadays, the whole society pays more attention to consumption quality, environmental protection, safety and health, and sustainable development of society. Green demand is increasing while the foundation of green marketing strategy is further stable.

Planet Super League implements green marketing, which means that enterprises are guided by the green concept of maintaining ecological balance and paying attention to environmental protection throughout the whole marketing process. In the process of production and operation, enterprises’ benefits, consumers’ benefits and environmental benefits are unified. Green marketing strategy not only meets people's needs of advocating healthy lifestyle, pursuing high quality of life and protecting environment, but also makes the development of enterprises consistent with the interests of consumers
and society. It is beneficial to establish a better image of the enterprise and attract and maintain a group of customers with the similar concept.

The idea of Planet Super League fits with the environmental and social friendly concept. Its core aim is to lead people to a more sustainable lifestyle. Planet Super League engages football club fans in a wide range of sustainability-based and environmental-friendly activities to help reduce their carbon footprint and further promote environmental protection. Moreover, it brings a regular group of customers who have the similar idea with the company. A certain number of football clubs, schools and organizations in the United Kingdom have already signed official agreements and cooperation contracts with Planet Super League. It can be expected that a growing number of users who are interest in both football and environmental protection will join in and the influence of the company will increase gradually in the future.

3.1.2 Unique business model

Planet Super League adopts a unique business model and combines football with a wide range of sustainable, energy saving and low carbon activities conducted by customers themselves. This is a quite unique, original and innovative business model, which satisfies customer demand and realizes customer value in an optimal way. Unique services and products play vital roles in the establishment of strong customer loyalty, which is highly conducive to the sustainable development of the enterprise. Green enterprises and start-ups need long-term customer relationship to achieve a more sustainable results of environmental protection.

Furthermore, according to the business model of Planet Super League, consumers can directly and effectively see the actual results brought by their direct environmental-friendly behaviors. The green brand’s uncertainty in the consumption process is eliminated. This not only enhances the experience of customers when purchasing products or receiving services, but also promotes the consumer loyalty and maintains the image of the brand.

3.1.3 Tax breaks and government support

Planet Super League has government support in tax breaks and grants of a certain amount of money. Government support greatly alleviates the financial strain of Planet Super League. The government provides tax breaks and financial support and implemented favorable policies to green enterprises in many countries around the world. Schick, Maexen and Freimann divided green entrepreneurship into three types: eco-dedicated start-ups, eco-open start-ups and eco-reluctant start-ups [13]. Eco-dedicated start-ups actively pursue ecological goals, design products and services for ecological optimization, and regard the development of environmental protection market as an important means to improve competitiveness and defeat traditional enterprises [14]. This kind of green enterprises has a longer return cycle and therefore needs more policy support from the government, which is of great significance.

3.1.4 Cost savings – online working

Online working has gradually become a popular new mode of working since the COVID-19 broke out. For small and medium-sized green start-ups, online office is conducive to save the company’s operating costs. Saving costs is crucial for these newly established and small-sized companies. Saving on leasing costs allows the company to increase the investment in the more essential business or expand their business for further development. Specifically, Planet Super League can allocate more fees as incentive to those organizations for participating specific environmental programs and hold festivals of sports and special sustainability tournaments for football clubs and schools, which are their core and main business.

In addition, online working can bring together different excellent people and expertise from different places. There are totally eight staff in Planet Super League. They come from different countries and take charge of different part of the business. In the future, it is also convenient and beneficial for Planet Super League to recruit new professional staff for expanding business.
3.2 Weaknesses

3.2.1 Low publicity leads to small market share

Green brand awareness refers to consumers’ ability to recognize and remember the green brand. It is universal that start-ups generally face the problem of low brand awareness and publicity. Likewise, Planet Super League has a relatively low green brand publicity, which is not conducive to brand popularity and expand customer group. The majority of customers of Planet Super League are football fans in the UK, especially adolescents and middle school students, which are expected to further expand in the future. Expanding brand publicity and customer base is essential for green start-ups, which usually lack long-term users and have a relatively limited customer base. In addition, Planet Super League focuses on the family, which is a little community and is more helpful to better spread the idea of environmental protection. However, the publicity and market share of Planet Super League are expected to further spread and expand.

3.2.2 Poor profitability

Eco-dedicated start-ups usually have a longer return cycle, which leads to relatively poor profitability.

In terms of financing, on the one hand, Planet Super League has built up several partnerships with third-party brands and organizations. The activities related to their area of business or focus are shown on the Planet Super League’s website. Third-party organizations pay the company a certain amount of money for advertising and expanding their influence through the company. On the other hand, Planet Super League raises funds from society and keeps looking for potential investors who are dedicated to football and environmental causes. However, finding the suitable investors and securing adequate investment and funds seem rather difficult for Planet Super League. Planet Super League still lacks investment, which plays a vastly significant role.

Meanwhile, capital expenditure basically includes following several aspects. Initially, organizations in the society can get fee as incentive for participating specific environmental programs held by Planet Super League such as Green October. Besides, there are outlays for organizing festivals of sport and special sustainability tournaments for football clubs, schools and business. Some tournaments are broadcasted on media including CNN, BBC Sport and ITV. All businesses mentioned above generate expenses.

Despite Planet Super League has little fee for day-to-day operations, because all eight staff work online instead of having an actual office, and has government support in tax breaks and grants of a certain amount of money, according to the business model and ways of financing and expensing, the company’s long return cycle causes a relatively poor profitability.

Overall, Planet Super League are still for-profit organizations. They need sufficient profits generated to develop new programs and expand businesses, which are beneficial for long-term viability and sustainable development of the organization. However, expanding business will cost for sure. Basically, the key is low-cost management that tends to lead to more profit.

3.2.3 Financial difficulties

Steady income generated from products or services and sufficient investment are essential for green start-ups. However, the business types of Planet Super League are not diversified and rich enough. The profitability is relatively weak as well. However, expanding and diversifying business increase the costs. Low-cost management is of great significance. This dilemma is a considerable threat for Planet Super League.

Additionally, the financing system for green start-ups still in the situation of insufficient supply of funds in the short term. It is rather difficult to obtain and gather adequate and sufficient social investment for Planet Super League.
3.3 Opportunities

3.3.1 Global pollution is getting more attention

With the continuous deterioration of the environment, countries around the world pay more attention to environmental governance. Meanwhile, people’s awareness of environmental protection is growing constantly. The group of green consumers and green market is expanding as well. Exploring potential customers and market makes a big difference for all green enterprises.

All green consumers are potential customers. Specifically, young people with higher education levels are more likely to be green consumers and willing to pay higher prices for green products. Moreover, women show a greater preference for green consumption than men [15]. Furthermore, green consumers are found of word-of-mouth and face-to-face communication, so green enterprises can pay more attention to word-of-mouth marketing to reach the goal of expanding consumers through interpersonal communication and mutual recommendation.

However, a number of green consumers lack brand loyalty and constantly pursue new products [16]. Besides, they are skeptical of advertisement because of the negative effect of plenty of untrue advertising information, so be critical and careful to use advertising when expanding potential customers and markets.

3.3.2 Policies reflect favorable trends for green enterprises

The green economy industry is currently one of the few rapidly growing areas in the UK during the period of recession. The British government attaches great importance to the low carbon development and environmental protection. Moreover, the capital market is expected to continue to strengthen the financing support for green start-ups. The green sector including energy efficiency and environmental protection will create about 400,000 jobs, which are expected to rise continuously. It is estimated that over 1.2 million people work in green sector by 2020. It can be expected that the government will further implement related favorable policies for green enterprises that should seize the opportunity of development. Above all, the environmental policy has become an integral part of the concept of sustainable development in the UK.

3.3.3 Laws guarantee the development of low-carbon economy

Since the 1980s, environmental issues have received increasing attention from countries around the world including the UK. In 1994, the UK actively responded to the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro and took the lead in formulating a sustainable development strategy. Since then, the UK has worked out a series of sustainable development strategies.

Addressing the environmental crisis through legal means is the top priority for the UK. Moreover, in 2008, the UK passed the Climate Change Act, which makes the UK the first country in the world having a legally binding long-term framework for reducing greenhouse gas emissions and adapting to climate change. The Climate Change Act 2008 means that the UK is the first country to legislate to reduce carbon emissions and ensure the sustainable development of low carbon economy. The UK has been committed to its responsibility of reductions of global emissions and working to promote the UK’s economy to transform to a low-carbon economy.

3.4 Threats

3.4.1 Growing potential competition

The pursuit of sustainable development and low carbon lifestyle is becoming a common goal globally. The green economy industry has been rapidly growing in the UK recently. The environmental and sustainable sectors tend to be hot industries in the future. An increasing number of green start-ups emerge, enter the market and seize the market share. The increasing number of competitors with the
similar business model, the change of competitive strategy and the improvement of competitiveness are relatively considerable threats for every eco-dedicated start-up.

Facing the growing potential competition, enterprises should identify competitors from different ways and pay more attention to the changes of situation to better see the new development opportunities. innovation and uniqueness are essential for a company in order to stand out from hundreds and thousands of competitors and gain more market share in an increasingly competitive market. If a company fails to deal with the fierce competition properly, it will face the risk of being eliminated from the market gradually.

3.4.2 COVID-19 pandemic

The COVID-19 pandemic has a huge and universal impact on the global economy. The pandemic is likely to affect the original services provided by the company and change the original business model of the enterprise. Planet Super League organizes festivals of sport and special sustainability tournaments for football clubs, schools and business. A huge number of sport events are likely to be postponed or cancelled due to the pandemic. The cancellation of tournaments is bound to generate a great threat to the operation of the company.

Besides, the pandemic has changed people’s lifestyle greatly. For example, many outdoor activities are restricted. The COVID-19 pandemic may weaken the individuals’ enthusiasm for this kind of green consumption, which requires consumers to directly conduct the low carbon and environmental-friendly actions. COVID-19 pandemic is a practical challenge and nonnegligible threat for all enterprises all over the world.

4. Conclusions

This paper systematically analyzes the strengths, weaknesses, opportunities and threats of Planet Super League by SWOT analysis and draws the following strategic conclusions.

Planet Super League can increase visibility and brand awareness through social media. social media enables enterprises to further understand their target consumers and social heat issues and further determine the direction of marketing. Moreover, social media is also a way for enterprises to get feedback from consumers. Additionally, Planet Super League can also wildly search for the potential investors in the society to alleviate the financial difficulties.

Expanding businesses could help increase the poor profitability of Planet Super League. In the short term, Planet Super League could increase cooperation with enterprises with weak environmental protection. Specific measures include the analysis of non-environmental protection links in the production or business activities of cooperative enterprises, the design of carbon emission reduction plans, and follow-up supervision and implementation of services. The target customers are medium-sized and high-carbon enterprises, which need to enhance their CSR performance when they reach a certain scale. For longer-term goals, consider expanding into the development and sale of enterprise-related products, such as concept products such as reusable bags with slogans. Considering the financial issues, Planet Super League should conduct this business after achieving stable revenue, a larger user base and corporate reputation. Moreover, under the impact of pandemic, due to the underlying restriction of off-line activities, the company could pay more attention on relevant on-line activities, focus on the change of individuals’ lifestyle influenced by the pandemic and then develop the countermeasures.

Facing growing potential competition and low publicity, Planet Super League should continue building up more partnerships with organizations and third-party partners that are dedicated in environmental protection to rise the publicity and obtain the market share, expand businesses mentioned above and make full use of social media. Cooperation opportunities lead to expansion of their influence, customer base and businesses and being more profitable and sustainable.
References


