

SWOT and PESTELE Analysis of Urban Outfitters

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Introduction

In the fast fashion sector, where companies like ZARA, UNIQLO, GAP, and H&M pose formidable challenges, the famous retail chain Urban Outfitters has been in business for some time (Rizaldy, 2023). A SWOT analysis allows one to assess one's situation and formulate appropriate plans. The strengths, weaknesses, opportunities, and threats (SWOT) analysis is a popular method for corporations to utilize when developing their strategies (Tuğrul & Cimen, 2016). The study may be useful in evaluating Urban Outfitter's market potential, internal issues, and ability to develop future organizational assets (Rolaskhi & Soegoto, 2020).

SWOT Analysis

The retail sector heavyweight Urban Outfitters has several qualities that give it an edge over its rivals. As it joins the second-hand market and caters to the increasing demand for sustainable and environmentally responsible design, the company's vintage offering, Urban Renewal, is a great asset. This gives the business an edge in the market and improves the public's perception of it while also appealing to eco-conscious shoppers (Abdelrahman et al., 2020). Keeping with its business philosophy, the store's changing layout and high product turnover rates create an atmosphere like a bazaar. Customers are more engaged and loyal to Urban Outfitters because of this one-of-a-kind purchasing experience.

However, certain drawbacks have been found, such as having fewer biophilic design elements than its rivals do, affecting customers' atmosphere and experience when shopping there (Masanell & Heilbron, 2015). If Urban Outfitters wants to attract eco-conscious shoppers and improve its retail environment, it must fix this flaw. Additionally, there are possibilities beyond the company's control, such as the rising tide of customer contribution in virtual trademark communities. This is a great chance for Urban Outfitters to boost its market position via social media to build consumer connections and increase brand equity (Ojuri & You, 2021).

Despite this potential, the firm must also deal with problems, such as the fast fashion industry's cutthroat competition and the effect of straight-to-consumer sales on its net retail division sales, both

of which are brought to light by the SEC’s public disclosure requirements. To overcome these challenges and continue growing in the fast fashion market, Urban Outfitters must master the art of competitive landscape navigation and adjust to changes in customer buying behavior (Michaeli, 2017; Rizaldy, 2023).

Table 1 SWOT Analysis of Urban Outfitters

Strengths	Weaknesses
• Urban Renewal vintage offering • High product turnover rates • Variable store layout for a unique experience	• Fewer biophilic design attributes in retail stores • Impact on retail ambiance and customer experience
Opportunities	Threats
• Leverage online brand communities. • Enhance brand equity through social media	• Intense competition in fast fashion industry • The effect of e-commerce on the net retail section

Recommendations

Urban Outfitters may want to use CRM and advanced data analytics to understand customer behavior and preferences better (Dessart et al., 2015). Using data, the company may improve product offers, marketing, and customer experience. Urban Outfitters could partner with sustainable fashion groups and projects to become more socially and environmentally responsible (Wilson, 2016). By partnering with these groups, the corporation may boost its reputation and attract more environmentally conscious clients.

The company should prioritize product development and supply chain management innovation to adapt to market changes (Moon et al., 2017). Urban Outfitters may become a fast fashion leader by adopting sustainable practices and new technology (Mao et al., 2022). Stores use biophilic design to improve the atmosphere since consumers care more about sustainability (Bonner et al., 2019). A fast fashion supply chain must be agile and collaborative to handle the industry’s complex market structure and unique business patterns (Wong, 2021; Sardar & Lee, 2015). This supports supply chain management’s focus on responsiveness and agility.

Urban Outfitters PESTELE Analysis

Political-

While there are many political issues to consider in the fast fashion industry, some that stood out to our group include trade policies, labor laws, and political stability. Trade Policies and Tariffs can have a major impact on the cost of importing goods. The changing costs could drastically change the profit margins the company is used to to is expecting to receive. Labor Laws also make a big impact on the company financially. Changes in labor practices while will most likely help the people working, could cause again a major change to the companies expected bottom line. Lastly, Political Stability focuses on the overall predictability of a county's political environment. This is crucial for companies in the fast fashion industry, as political instability could lead to issues like supply chain distribution, consumer confidence, and investment issues.

Economic-

Urban Outfitters is dependent on the Economic climate to succeed, the factors which could impact the economic climate include Economic growth Currency Exchange Rates, and Consumer Income/Spending Habits. Urban Outfitters' performance is dependent on the economic growth of the regions it operates in. An example of this would be, higher economic growth could lead to Urban Outfitters having expansion opportunities, which could then lead to having a larger consumer base. Currency and Exchange rates also plays a role in Urban Outfitters as they source goods internationally, this means that as fluctuations occur through exchange rates which can make goods more, increasing costs for the company. As for Consumer Income, economic growth typically leads to consumers having more money available to spend, this helps the company to make more money and more products.

Sociocultural-

Social issues play a huge role for companies such as Urban Outfitters as customers are essential to the company's welfare. Some Social factors include Cultural Trends, Social Media Influence, and Ethical Sustainable Practices. Cultural Trends are important as fast fashion is heavily influenced by cultural trends, in order to stay on trend Urban Outfitters must stay up to date on consumer trends and preferences. Social Media is essential to almost everything in life, including fashion. By maintaining a strong social media presence and engagement, Urban Outfitters stays relevant and involved in their consumer's feed. Ethical and Sustainable Practices are on the fore front of many consumers' minds when choosing where to spend their money, as this is a major concern for many consumers, Urban Outfitters must focus on being more sustainable as a company in fast fashion.

Technological-

Technology has changed the way people shop and spend money in major ways. This has been a major shift in past years as people would rather shop online than in person. This means that Urban Outfitters must have a very active online presence, not only through social media, but also through online services which allow for online shopping quickly and easily. The shift with technology also means that Urban Outfitters had to adapt to allow for better supply chain management and proper shipping strategies.

Ecological-

Fast Fashion companies like Urban Outfitters are under major scrutiny for their environmental impact, many consumers are choosing to shop second hand in the effort to stop the ecological damage caused by Fast fashion. To accommodate consumer beliefs Urban Outfitters needs to adopt more environmentally friendly practices. Climate Change is another factor which impacts Urban Outfitters and many other fast fashion companies, Changes in weather patterns can cause major disruptions to the supply chain which they rely on.

Legal-

Urban Outfitters, like many fast fashion companies, have legal regulations which need to be followed to protect not only the company but all of the people who ensure the company's success. One of these legal factors includes Environmental Regulations, legal regulations in regard to sustainable practices must be followed closely to avoid legal consequences. Additionally, Data protection and privacy laws must be closely monitored, as many people are online shopping and giving their personal data to companies like Urban Outfitters, they must follow specific regulations to ensure the safety of their consumers data.

Ethics

In addition to environmental issues, many consumers take major issues with the ethical factors which are caused by fast fashion companies. One of the major issues is labor conditions, Urban Outfitters needs to take responsibility for this issue and ensure fair labor conditions throughout their entire supply chain. Creating better labor conditions and standards could help the company to avoid negative publicity. Another ethical issue that many fast fashions companies face is Diversity and Inclusion, by choosing to embrace diverse people in their marketing and workforce, they will open their consumers to a wider cliental which should increase profits for the company.

Conclusion

To sum up, by considering its internal strengths and weaknesses and external market dynamics, Urban Outfitters may get significant insights from the SWOT analysis, which will help them, develop successful marketing and commercial strategies.

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