

AMC Entertainment SWOT Analysis 2022 :

AMC swot analysis overview

The first step in each company's strategic planning is the strategic diagnosis, also called strategic analysis.

Thanks to it, you will be able to define your organization's goals and make the best strategic choices after getting the results of this diagnosis.

Managers and strategic management experts always use a variety of analysis methods, which are frequently divided into two primary categories, to conduct this strategic analysis:

- Tools for internal strategic analysis include the Benchmark, the VRIO analysis model developed by Jay Barney, and the value chain model by Michael Porter;
- Tools for external strategic analysis include the PESTEL analysis, which examines the company's macro environment, and Michael Porter's 5+1 competitive forces model, which looks at the company's microenvironment.

A strategic planning tool that helps you to summarize the main results of your strategic analysis is the swot analysis or swot matrix.

To determine the optimal strategic choices for your business, the swot model compares the results of internal and external strategic analysis.

In this example, we will present the main results of AMC theatres' internal and external strategic diagnosis

AMC Theatres overview: A Leader in the Entertainment Industry

AMC Entertainment Holdings is the largest movie theatre chain in the world. AMC Entertainment is based in Leawood, Kansas, USA.

AMC Theatres was founded in 1920 by Maurice, Edward, and Barney Dubinsky, who had been traveling the Midwest performing melodramas and tent shows with actress Jeanne Eagels.

The company offers theatre exhibitions, movie screenings, food distribution, online ticket purchasing, and other associated services through its subsidiaries. AMC Entertainment provides theaters all over the world.

In comparison to Regal and Cinemark Theatres, AMC Entertainment holds the highest market share for theaters in the United States.

The internal strategic factors of AMC Entertainment

The internal strategic analysis enables us to identify all of a company's strengths and weaknesses.

Strengths:

Features of the business, the project, or the person that stand them apart from their competitors.

Examples of strengths: the capacity for innovation, the quality of the products and services, good awareness, and cost control.

Weaknesses:

Defects that give the business an unfair competitive edge over rivals.

Examples of weaknesses: unskilled and inefficient team, a person with communication difficulties, bad reputation, etc.

We conducted a complete literature search to uncover all of AMC Entertainment's strengths and weaknesses.

We investigated at the company's website, a bunch of recent press reports, and several other private sources. The following are the strengths and weaknesses that our research revealed:

Strengths of AMC Entertainment-Internal Strategic Factors-

Top of mind awareness: AMC Entertainment Holdings has an excellent worldwide reputation. Thanks to its history, worldwide presence through its subsidiaries, and the marketing budget allocated to advertising in the mass media.

Good reputation: AMC Entertainment has an excellent reputation in its market, strong brand equity, and great brand recognition. It provides consumers a pleasant customer experience and never stops innovating its services and products.

Strong Brand Portfolio: AMC Entertainment Holdings has invested over the years to develop a strong brand portfolio. This brand portfolio can be beneficial if the company wants to grow into new product categories and maintain its competitive advantage.

Highly skilled human resources: achieved through efficient learning and training programs. AMC Entertainment Holdings has spent a significant amount of money on staff training and development, which has produced a workforce that is both qualified and motivated to contribute to corporate goals.

Great level of customer satisfaction: The company has achieved a very high level of customer satisfaction among its current customers thanks to its customer relationship management department, the quality of its products and services, and its customer-oriented mindset.

Thanks to this, the company has been able to keep its current customers and acquire new ones effortlessly.

First mover advantage in a market that is becoming more saturated. AMC Entertainment's market share in the motion picture industry is constantly growing, thanks to the new products.

Market Leadership Position: AMC Entertainment maintains a dominant market leadership position in the motion picture sector. It has helped the organization quickly scale up new product success.

Diverse revenue streams: AMC Entertainment has engaged with various businesses outside the services industry. This diversification strategy has allowed the company to diversify its revenue sources beyond the Services and Motion Pictures areas.

Low supplier bargaining power: The suppliers of AMC Entertainment have low bargaining power. The company has built a solid supply chain across various countries, allowing AMC Entertainment to diversify its range of suppliers further. So, AMC Entertainment manages supply disruptions and sources products at competitive prices.

AMC Entertainment has a successful track record of developing new products, having done so in recent years while considering evolving customer tastes and competition challenges. AMC Entertainment has efficient processes that help it determine the needs for new products, conducting fast pilot tests and launching the products through its broad distribution channels.

Weaknesses of AMC Entertainment-Internal Strategic Factors-

Investment in R&D is below the industry's high competitors. AMC Entertainment has not been successful in keeping up with the leading firms in the market in terms of innovation, despite spending more on R&D than the industry average.

Instead, it appears like a seasoned company eager to release items with tried-and-true features.

AMC Networks' profitability ratio and net contribution are below the average industry.

Lack of accurate product demand forecasting causes more missed chances than its rivals. In addition, because AMC Entertainment struggles with demand forecasting, it maintains more inventory internally and externally. This is one of the reasons why the days inventory is higher than that of its rivals.

More funding is required for emerging technologies. AMC Networks must invest more in technology to unify the processes across the board, given the scope of expansion and the variety of regions the company plans to enter. The company's vision currently does not match the level of technology investment.

Financial planning is not carried out effectively and correctly. As a result, the corporation can spend the cash more effectively than it currently does, according to the current and liquid asset ratios.

The company's product line is lacking some items. As a result, a new competitor may gain the market share due to this lack of options.

The organization's structure only works with the current business model, which prohibits it from expanding into related product categories.

High risk of business model imitation: Competitors in the motion picture industry can readily copy the company's business model.

Therefore, AMC Entertainment must create a platform model to connect suppliers, vendors, and end users to overcome these obstacles.

Low investment in customer-focused services at AMC Entertainment could provide competitors an advantage in the near future. So, AMC Entertainment has to spend more on R&D, especially for projects focusing on customer service.

The External strategic factors of the motion pictures industry

The external analysis enables us to identify the external positive and negative elements of the environment in which AMC Entertainment operates.

In other words, the goal of the external analysis is to identify the industry's opportunities and threats.

Opportunities:

These are the positive aspects of the environment that a person or organization can take advantage of. For example, product demand is growing.

Threats:

Are all the harmful environmental elements that might restrict or block the organization's expansion. For example, the arrival of a new competitor on the market.

We thoroughly investigated the company's top competitors, clients, and suppliers to make an external diagnosis of the theatrical exhibition industry.

Compared to its main competitors, we have done business research in the motion pictures industry about AMC Entertainment products.

Additionally, we have analyzed the macroenvironment in which the business operates. Let's move on to the main results of the external strategic diagnosis of the theatrical exhibition market.

Opportunities in the motion pictures industry-External strategic factors

Emerging markets with high potential: Although AMC Entertainment is already present in many foreign countries, there are still many opportunities to seize for this company.

Emerging markets such as India, China, Brazil, Mexico, Turkia, and many others are experiencing significant economic growth. As a result, the purchasing power of consumers in

these countries and the proportion of the middle class continue to grow, which is an excellent opportunity for big brands like AMC Entertainment to seize.

The new free trade agreements: Opening up new markets through multiple U.S. government free trade agreements with other countries has allowed AMC Entertainment to penetrate new emerging markets.

AMC Entertainment's core competencies can be a crucial success factor for the company in other areas of similar products. A comparative example could be GE Healthcare's research has helped it develop better oil drilling machines.

Economic recovery and continued improvement in customer spending after years of recession and low industry growth following the impacts of Covid-19 is an opportunity for AMC Entertainment to capture new customers and grow its market share.

New tax policies can positively impact how we do business and open up new opportunities for established players like AMC Entertainment to increase profitability.

The trend of customers migrating to more personalized services and high-end products: for AMC Entertainment, this is an excellent opportunity to increase its profitability.

Thus, what will help the company exploit this opportunity well is its good brand image and the excellent shopping experience offered to its customers.

New economic recovery policies: following the crisis of Covid-19, several countries have implemented ambitious economic recovery policies to encourage economic growth.

Accelerated innovation and technological advances are improving industrial productivity, enabling suppliers to produce a wide range of products and services. This can help AMC Entertainment venture into adjacent products.

On-Screen and In-Theater Innovation: The company has acquired one of the few high points in the theater industry thanks to its mutually beneficial partnership with IMAX. With a 44 percent market share, AMC has the most IMAX theaters in the country. The relationship will probably intensify in the upcoming years, particularly in some of its recently purchased European locations. In addition, 4.4 million customer households, or about 22 percent, participate in the AMC Stubs loyalty program, which is still expanding (as of September 30th). Ongoing improvements to its comfort, variety, and convenience should encourage more of its customers to sign up for the program.

Threats in the motion pictures industry-External strategic factors

Increased competitive pressures: Although at the moment AMC Entertainment is still the leader in product innovation in the motion picture industry, competitors are catching up with product development. It is up against strong competition from both domestic and foreign players.

As a result, these new brands are a severe potential threat to AMC Entertainment. Also, the big competitors like National CineMedia, Cinemark Holdings, Carmike Cinemas, and

Discovery Communications do not hesitate to increase their budgets dedicated to marketing and advertising to prospect and convince AMC Entertainment's customers.

Also, in the services industry, new product launch periods are also getting shorter. Players like AMC Entertainment have been subject to increased competitive pressure as a result. AMC Entertainment can't react quickly to the demands of the narrow segments that disruptors are concentrating on because of the size of its consumer base.

The risks of change: As AMC Entertainment operates on a global scale, exchange rate fluctuations always have an impact.

AMC Entertainment reports its financial earnings in US dollars. This has an impact on his income because the American dollar is more volatile than other financial currencies.

Global economic recession: Due to the Covid-19 pandemic and the recent war in Ukraine, the global economy and the international markets are experiencing a severe economic recession.

As a result, most companies and industries are experiencing the harmful effects of this international economic crisis.

As evidence of this, AMC Entertainment has already experienced a drop in sales in the last few years, and this decline could worsen in the future if the recession hits as hard as experts are predicting.

Trade tensions between China and the United States: China and the U.S. are the major markets in the world. However, a large part of AMC Entertainment's sales will be threatened if trade and political tensions between the two giants escalate.

Therefore, AMC Entertainment's business and financial performance depends largely on global economic and political stability.

It also depends on the quality of political and economic relations between the United States and its major global partners, including China and the European Union.

Changing consumer buying behavior: based on physical infrastructure, the current supply chain model may be threatened by changing customer purchasing habits from online channels.

The rising power of local distributors: In some markets, the competition offers local distributors more significant margins; therefore, the growing power of local distributors is a severe threat.

Imitation threats: AMC Entertainment's offering is also threatened by imitation of low-quality, counterfeit goods, particularly in emerging and low-income areas.

Rising raw material: costs may threaten AMC Networks' profitability.

Different regulations and ongoing changes: Different regulations and ongoing changes to product standards in those areas mean that the corporation may be subject to legal action in many jurisdictions.

Institutional mistrust and an escalating risk of legal action against AMC Entertainment. Due to the difficulty of enforcing WTO norms and legislation in multiple markets, legal processes have evolved into costly and drawn-out processes.

It might cause AMC Entertainment to make fewer investments in developing markets, which would restrict growth.

Big demographic shifts: The baby boomers are retiring, and the younger generation is having difficulty replacing their purchasing power. As a result of young people's lower brand loyalty and greater exposure to exploring new things, AMC Entertainment may see an increase in short-term profitability at the expense of a longer-term margin reduction.

Accelerated drop in theater attendance: In our opinion, praise for the domestic exhibitor market is greatly exaggerated. However, AMC would probably take a big hit if a significant studio chose to leave the long-standing environment of theaters-first and found success on a standalone streaming service. The business has demonstrated a readiness to test different delivery cycles.

Last year, it consented to shortened periods for some Paramount titles, which showed us that the exhibition side is attempting to keep up with the changes.

But whether the corporations' collaborative effort to redefine the theater is successful will have to wait.

Commoditization of the product segment: For AMC Entertainment and other industry participants, the most significant concern is the rising commoditization of the products in the services sector.

Lack of high skilled human resources: finally, AMC Entertainment faces a danger to the continuous rise of its profitability in key worldwide regions due to a lack of competent labor in those markets.

Due to the high staff turnover rate and increasing dependence on innovative solutions, AMC Entertainment may soon have a shortage of skilled human resources.