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# S&P TEST

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## FIVE BELOW INC. SWOT & PESTLE ANALYSIS

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**Company Name :** Five Below Inc.

**Company Sector :** Retail

**Operating Geography :** United States, North America, Global

**About the Company :**

Headquartered in Philadelphia, Pennsylvania, Five Below Inc. is an American chain of specialty discount stores that markets products costing up to \$5, along with a small assortment of products from \$6 to \$10. The products offered by the company include high-quality products which are loved by tweens, teens and more. It also offers some incredible finds that go beyond \$5. The firm was founded by Tom Vellios and David Schlessinger in 2002 and has around 1,000+ stores located in 39 states. The products that fall into the Five Below departments include New&Now, Create, Play, Candy, Room, Style, Party, and Ten Below Tech. The firm began its outward extension away from the Philadelphia Metro area in 2011 by entering the Illinois and Michigan markets. It then expanded over to Georgia, Kansas, Missouri and Western Michigan, Texas, Tennessee, Alabama, Florida and Kentucky, Louisiana, Minnesota, Oklahoma, West Virginia and Wisconsin, California, Arizona, Iowa and Nebraska over the following years. Whereas Colorado & Nevada were added in 2020, Utah is being added in 2022. Top brands of the firm include Disney, Nickelodeon, Marvel, Hershey's and may more. Five Below is considered as the "yes!" store, due to the cheap price range offered by them for the cool and trendy stuff for its customers.

Five Below's Unique Selling Proposition or USP lies in being one of the fastest growing value retailers on the planet. The mission statement of Five Below reads, "Five Below means you never have to pay more than \$5 for the coolest, trendiest, highest quality stuff you just gotta have."

**Revenue :**

US\$ 2,848 million – FY ended January 2022

US\$ 1,962 million – FY ended January 2021

**SWOT Analysis :**

The SWOT Analysis for Five Below Inc. is given below:

Strengths	Weaknesses
<p>1.Reputed brand with 1000+ stores present in 39 states of USA with a diverse product mix and differentiated shopping experience</p> <p>2.Well-defined target audience and low prices provides exceptional value proposition for customers</p> <p>3.Consistent and powerful store economics with low vendor dependence</p> <p>4.High number of customer re-purchases and high average expenditure per customer in a year</p>	<p>1.High and fixed shipping rates for online orders may deter online sales</p> <p>2.Five Below has raised prices in the last one year which can lead to a reduction in sales</p>
Opportunities	Threats
<p>1.Expand to other states in the US and increase number of stores in large states</p> <p>2.Enhance and optimize operating costs</p> <p>3.Focusing on creating "wow" customer experiences</p> <p>4.Combining loyalty program with investments in data and analytics</p>	<p>1.High competition in the discount retail industry in USA</p> <p>2.COVID-19 closed down nearly all stores for Five Below</p>

## PESTLE Analysis :

The PESTLE Analysis for Five Below Inc. is given below:

<p style="text-align: center;"><b>Political</b></p> <ol style="list-style-type: none"> <li>1. Biden's proposal to increase minimum wage to \$15 per day may affect business</li> <li>2. Political instability in countries due to the pandemic may disturb supply chains</li> </ol>	<p style="text-align: center;"><b>Economical</b></p> <ol style="list-style-type: none"> <li>1. Impact of COVID-19 pandemic on economy and retail</li> </ol>
<p style="text-align: center;"><b>Social</b></p> <ol style="list-style-type: none"> <li>1. American demographics are favourable to discount retail business</li> <li>2. Consumers want a differentiated store experience</li> <li>3. Consumers prefer to order online and receive fast deliveries</li> </ol>	<p style="text-align: center;"><b>Technological</b></p> <ol style="list-style-type: none"> <li>1. Businesses are enforcing digital transformation post pandemic</li> <li>2. Increased cyberattacks leading to breach of privacy requiring strengthen protection</li> </ol>
<p style="text-align: center;"><b>Legal</b></p> <ol style="list-style-type: none"> <li>1. Overseas manufacturing puts companies at risk to legal and regulatory risks</li> <li>2. Companies are subject to safety, privacy, advertising and employment regulations and laws</li> </ol>	<p style="text-align: center;"><b>Environmental</b></p> <ol style="list-style-type: none"> <li>1. Extreme weather conditions, natural and manmade disasters increase risk to business operation</li> <li>2. Companies are making efforts to become increasingly energy-efficient and reduce waste generation</li> </ol>

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