

SWOT ANALYSIS OF A MULTI PRODUCT DETERGENT MANUFACTURING INDUSTRY- A CASE STUDY

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Abstract - Effective strategic management is important to all manufacturing and service organizations in the present competitive market for the development of organization. It involves the formulation and implementation of long term and short term strategies taken by the organization through strategic analysis. Strategic analysis is the process of evaluation of organizations work environment through different management tools. In this study SWOT analysis and competitive analysis are conducted in a multiproduct detergent manufacturing industry to formulate strategies for increasing market share and profit.

Key words: SWOT analysis, SWOT matrix, Strength, Weakness, Opportunity, Threat.

1. INTRODUCTION

Soaps and Detergent market is growing continuously all around the world. Life style is also changing in speed pace along with the technology change. Strategy formulation to improve competitiveness and market share are important to industries. On the basis of pricing the detergent market further divided into three categories, such as popular, mid range and premium.

1.1 Background to the Study

The increase in competition and thereby continuous substitution by the customers forced the organizations to come up with new strategies on manufacturing, customer satisfaction, and logistics to increase in market share, profit and productivity through expansion of market, market segments and full utilization of resources

1.2 Problem Statement

Industry is presently focusing mainly in three districts of Kerala, profit and sales are in a stagnated condition. Present market is matured with the present product portfolio of industry.

1.3 Objectives

- 1 To evaluate competitiveness of industry through SWOT Analysis

2. Formulate strategies to increase market share and profit

2. LITERATURE REVIEW

SWOT Analysis has two dimensions that are internal and external factors. Internal dimension includes organizational factors, also strengths and weaknesses; external dimension includes environmental factors, also opportunities and threats (Emet Gure et al) [2]. A frame work for identifying variables that the management should analyze, a check lists for identifying strength, weakness for environmental variables; are presented in a literature review on SWOT by Emet Gurel et al [2]. Two by two matrix of internal factors and external factors in SWOT analysis is used to generate basic strategy (Thomas J. Chermack a & Bernadette K. Kasshanna) [3]. Strategic position and action evaluation (SPACE matrix) is a management tool used to analyze industries business. Space matrix has four quadrants and has different type of strategy aggressive, conservative, defensive and competitive (Ahmad Reza Ommani) [4]. SWOT matrix comprises four strategic groups that are SO strategy, WT strategy, ST strategy and WT strategy (Tanya Sammut-Bonnici and David Galea) [1]. SWOT analysis is taken from the data collection stage using IFE and EFE analysis. SWOT analysis itself has limitations in its use; therefore SPACE Matrix can be used (Fadhilah K. Wardhani et al) [5].

3. METHODOLOGY

3.1 Research Design

This study is qualitative and quantitative in nature and will examine the internal and external factors of the industry, competitiveness of industry, and possibilities through SWOT analysis

3.2 Method of Data Collection

Primary data has been collected from the industry records and through unstructured interviews with managing partners and supervisors of production and distribution. Questionnaire is distributed to the management partners and supervisors to get the possible strength and weakness. Secondary data has been collected from Annual reports of related industries, Industry web sites, online articles and from markets

2.3 Methods of Data Analysis

Data obtained through various methods has been qualitatively and quantitatively analyzed with SWOT analysis to increase market share and to formulate competitive strategy.

4. RESULTS AND DISCUSSION

4.1 SWOT Analysis

SWOT analysis method is used to evaluate the 'strengths', 'weaknesses', 'opportunities' and 'threats' involved in an organization and to find competitive position. SWOT analysis complements the competitive analysis. It also examines how competition in this environment is likely to evolve and what implications that evolution has for the threats and opportunities an organization is facing.

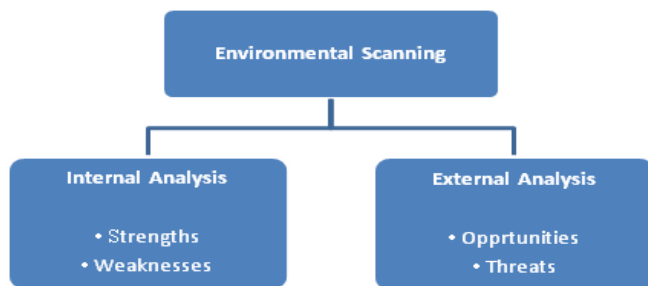


Fig -1: SOWT Analysis

4.1.1 Strength

Strength of an industry is the characteristics of a business which give it advantage over its competitors. Following are the important strength characteristics listed after analysis of data collected.

- 1 High Quality
- 2 Low Price
- 3 Product Differentiation
- 4 Availability of employees
- 5 Less time for production process

4.1.2 Weakness

Weakness of an industry is the characteristics of a business which make it disadvantageous relative to competitors. Following are the weakness of the industry listed after data analysis

1. No R&D
2. Distributing in limited area
3. Poor in advertisement
4. Under capacity utilization of resources
5. No online presence
6. No system for customer feedback

4.1.3 Opportunity

Opportunity is the elements in a company's external environment that allow it to formulate and implement strategies to increase profitability. Following are the major opportunities

1. Consistent Demand for FMCG
2. Population Growth
3. New Markets
4. Increased Hygiene awareness
5. Emergence of e-commerce and social media marketing
6. Changing life style

4.1.4 Threats

These are the elements in the external environment that could endanger the integrity and profitability of the business. Following are the major threats on the industry.

1. Threat from existing and new brands
2. Increased GST rates
3. Inflation rise
4. Increasing price of petroleum
5. Importing policies of country

4.1.5 Weight and rating

1. Weight is the number, indicates how important the factor is if a company wants to succeed in an industry. IFAS matrix assigns a weight that ranges from 0.00 to 1.00 for each factor. Zero means no importance and one is very important.
2. The Ratings in internal and external matrix refer to how effectively company's current strategy responds to the factors.
3. Practitioners usually use rating on a scale from 1 to 4. Rating captures whether the factor represents a major weakness (rating 1), a minor weakness (rating 2), a minor strength (rating 3), or a major strength (rating 4)

	STRENGTH	WEAKNESSES
OPPORTUNITIES	Achieve opportunities that greatly match organization's strength	Overcome weakness to attain opportunities
THREATS	Use strength to reduce the Vulnerability to threats	Prevent weakness to Avoid making the organisations more susceptible to threats

Table: 1 Two by Two SWOT Matrix

Table -2: Internal Factor Analysis Summary

Internal Factors	Weight	Rating	Weighted Score	Comments
Strength				
High Quality	0.16	4	0.64	Ensuring quality through lab testing
Low Price	0.15	4	0.6	Labour cost is less
Product Differentiation	0.06	3	0.18	Almost all forms of detergents are manufacturing
Less time for production process	0.07	3	0.21	Lead time is very less
Availability of Workers	0.06	3	0.18	Situated in an industrial area
Total	0.5		1.81	
Weakness				
Under capacity utilisation of resources	0.05	3	0.15	70 % utilisation only
Distributing in limited area	0.1	3	0.3	Available only in three districts of kerala
Poor in advertisement	0.1	2	0.2	Depending only on word of mouth publicity
No online presence	0.05	2	0.1	Conventional marketing
No system for customer feedback	0.2	1	0.2	Getting feedback from retailers
Total	0.5		0.95	
Grand Total			2.76	

Table: 3 -External Factor Analysis Summary

External Factors	Weight	Rating	Weighted Score	Comments
Opportunity				
Consistent Demand for FMCG	0.1	3	0.3	Continuously using products
Population Growth	0.05	2	0.1	Increases usage
New Markets	0.2	4	0.8	Untapped area
Increased Hygiene awareness and Changing life style	0.1	3	0.3	Easy and speedy cleaning and washing
Emergence of e-commerce and social media marketing	0.05	1	0.05	Technology development
Total	0.5		1.55	
Threat				
Threat from existing and new brands	0.2	3	0.6	Large number of SMES and MNC s are the players
Increased GST rates	0.03	2	0.06	18 % for FMCG

Inflation rise	0.06	2	0.12	Increased raw material price
Increasing price of petroleum	0.13	1	0.13	Raw materials are from crude oil
Importing policies of country	0.08	2	0.16	Raw materials are importing mainly from china
Total	0.5		1.06	
Grand Total			2.61	

Table: 4 –Strategic Factor Analysis Summary

SWOT	Key Strategic Factors	Weight	Rating	Weighted Score	Duration	Commends
S	High Quality	0.16	4	0.64	Long Term	Ensuring quality through lab testing
S	Low Price	0.15	4	0.6	Intermediate	Labour cost is less
W	Distributing in limited area	0.1	3	0.3	Short term	Available only in three districts of Kerala
W	Poor in advertisement	0.1	2	0.2	Short term	Invest on advertisement
O	Increased Hygiene awareness and changing life style	0.1	3	0.3	Short term	Easy and speedy cleaning and washing
O	Consistent Demand for FMCG	0.1	3	0.3	Long Term	Products are using Continuously
O	New Markets	0.2	4	0.8	Intermediate	Untapped area
T	Importing policies of country	0.8	2	0.16	Intermediate	Raw materials are collected from Indian companies
T	Threat from existing and new brands	0.2	3	0.6	Long term	Provide product at lower price

4.2 Strategic Position And Action Evaluation

Based on IFAS total score of strength factor gain is 1.81 whereas total score of weakness factor is 0.95. This shows that the strength factor is greater than the weakness factor and based on EFAS total score of opportunity is 1.55, total score threat is 1.06. This indicates that the opportunity is greater than the threat. Factors of strength and opportunities can support the business. Drawing a SWOT diagram shows an affirmation of the position of the company.

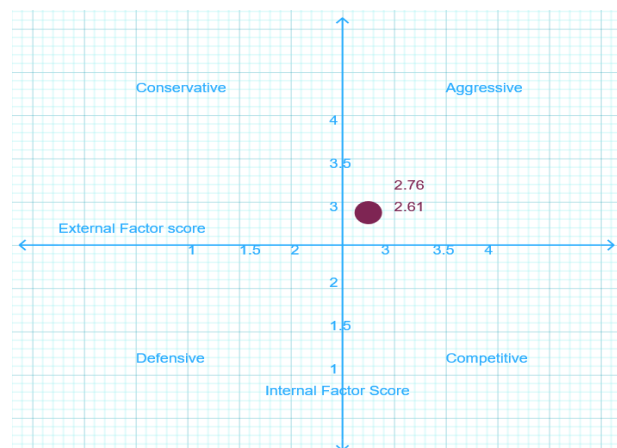


Fig -2: SOWT Diagram

4.3 SWOT Matrix

Comprises four strategic groups:

How strengths are used to take advantage of opportunities. (SO strategy)

How weaknesses are reduced by taking advantage of opportunities. (WO strategy)

How strengths are used to reduce the impact of threats. (ST strategy)

How weaknesses that will make these threats a reality are addressed. (WT strategy)

Based on IFAS, EFAS and SPACE matrix, group I strategies (aggressive) are the suggested strategies for the detergent industry

TABLE: 5 – SOWT MATRIX

<p>Internal Factors</p>	<p>Strengths (S)</p> <p>S1 :High Quality S2: Low Price S3: Product Differentiation S4: Availability of employees S5: Less time for production process</p>	<p>Weaknesses (W)</p> <p>W1: Distributing in limited area W2: Poor in advertisement W3: Under capacity utilisation of resources W4: No online presence W5 :No system for customer feedback</p>	
	<p>External Factors</p>	<p>Opportunities (O)</p> <p>O1 :Consistent Demand for FMCG O2 :Population Growth O3:New Markets O4:Increased Hygiene awareness and Changing life style O5 :Emergence of e-commerce and social media marketing</p>	<p>SO Strategies</p> <p>SO1 : Maintain the Quality at Low cost SO2 : Enter into the new markets SO3: Increase Production SO4 : Utilize online marketing platforms SO5 : Delayed differentiation can be adopted SO6 : Focus on products that are suitable for changing lifestyles SO7 : Product Diversification</p>
	<p>Threats (T)</p> <p>T1 :Threat from existing and new brands T2 :Increased GST rates T3 :Inflation rise T4 :Increasing price of petroleum T5 :Importing policies of country</p>		

5. RECOMMENDATIONS AND CONCLUSION

5.1 Recommendations

The buyers of mid and low segment detergent products are very price sensitive, cheaper price would take customers' interest so maintain the Quality at Low cost. Market should be expanded by finding new markets or new market segments. Company utilizing only 75% of its resource capacity, increase utilization of resources and production. Online marketing is growing drastically, utilize online marketing platforms. Since products lead time is short, delayed differentiation can be adopted for better customer

satisfaction . Life style is changing continuously and rapidly so focus on products that are suitable for changing lifestyles is important. Customers are always looking for new product, organisations should give importance in new product development or development of existing product are required to compete in the market.

5.2 Conclusion

In this study SWOT analysis conducted in a multi product manufacturing small scale detergent industry to explore strength, weakness, opportunity and threat of the firm and formulated Strength Opportunity strategies to increase market share of the products and competitiveness.

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