CHAPTER 8

SWOT ANALYSIS
8.1. INTRODUCTION:

SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. The technique is credited to Albert Humphrey, who led a convention at Stanford University in the 1960s and 1970s using data from Fortune 500 companies.

A SWOT analysis must first start with defining a desired end state or objective. A SWOT analysis may be incorporated into the strategic planning model. Strategic Planning has been the subject of much research.

- **Strengths**: characteristics of the industry that give it an advantage over others in the industry.

- **Weaknesses**: are characteristics that place the industry at a disadvantage relative to others.

- **Opportunities**: external chances to make greater sales or profits in the environment.

- **Threats**: external elements in the environment that could cause trouble for the industry.

Identification of SWOT is essential because subsequent steps in the process of planning for achievement of the selected objective may be derived from the SWOT.
First, the decision makers have to determine whether the objective is attainable, given the SWOT. If the objective is not attainable a different objective must be selected and the process repeated.

The SWOT analysis is often used in academia to highlight and identify strengths, weaknesses, opportunities and threats. It is particularly helpful in identifying areas for development.

The usefulness of SWOT analysis is not limited to profit-seeking organizations. SWOT analysis may be used in any decision-making situation when a desired end-state (objective) has been defined. Examples include: non-profit organizations, governmental units, and individuals. SWOT analysis may also be used in pre-crisis planning and preventive crisis management. SWOT analysis may also be used in creating a recommendation during a viability study/survey.

A scan of the internal and external environment is an important part of the strategic planning process. Environmental factors internal to the industry usually can be classified as strengths (S) or weaknesses (W), and those external to the industry can be classified as opportunities (O) or threats (T). Such an analysis of the strategic environment is referred to as a SWOT analysis.

The SWOT analysis provides information that is helpful in matching the industry resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection. The following diagram shows how a SWOT analysis fits into an environmental scan:

B) The SWOT Matrix.

To develop strategies that take into account the SWOT profile, a matrix of these factors can be constructed. The SWOT matrix (also known as a TOWS Matrix) is shown below:
Table: 8.1. SWOT Matrix.

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<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPPORTUNITIES</td>
<td>S-O strategies</td>
<td>W-O strategies</td>
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<td>THREATS</td>
<td>S-T strategies</td>
<td>W-T strategies</td>
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- S-O strategies pursue opportunities that are a good fit to the company's strengths.
- W-O strategies overcome weaknesses to pursue opportunities.
- S-T strategies identify ways that the firm can use its strengths to reduce its vulnerability to external threats.
- W-T strategies establish a defensive plan to prevent the firm's weaknesses from making it highly susceptible to external threats.

8.2. TOURISM SWOT ANALYSIS (INDIA):

The specific strength and weakness of the product in relation to the market segments identified are analyzed along with the existing opportunities and threats. A typical SWOT analysis matrix in case of India in reaction to competitive destinations is as under:

**Strengths:**

1. Vast geography.
2. Country of rich heritage and traditions having a vast and varied history with a historical backdrop of 5000 years. India is one of the big package of culture
and legend that never fails to captivate the imagination of the visitor. Along with endless natural splendors like the mighty Himalayas, the vast Indo Gangetic Plains, Lush tropical jungles and a long coastline. A visit to the country is a changing spectacle of religions, customs, festivals, sights and sounds.

3. Unity in diversity i.e. multicultural people staying together in the same country.

4. Increasing literacy rate among the local people and improving infrastructure leading to increase in tourist arrivals.

5. India has been maintaining good and cordial relationship with different countries which helps the people of those countries to get the visas easily to visit India.

6. Good number of technical and non-technical people available as manpower resource.

7. Powerful spiritual strength (Yoga-Ayurveda-Healing-therapy services).

8. Manpower costs in the India hotel industry is one of the lowest in the world. This provides better margins for Indian hotel industry.

9. India offers a readymade tourist destination with the resources it has. Thus the magnet to pull customers already exists and has potential grow.

10. Trains like palace on wheels provide a fell of Indian majesty of the days gone by.

11. India has a good rail network and which makes it convenient for tourist to travel and at a very less cost as compared to their countries.

12. Travel agents and tour operators form the backbone of the industry. They play an important role in promoting the country as a tourist destination. Here the
travel agencies not only provide the picture of the country to interested parties but also lure them to visit a country by the attractive packages.

13. India had good base for winter tourism like in the state of Jammu and Kashmir and Himachal Pradesh.

14. Yoga being practiced in India at large makes it world preferred destination and every year large number of tourists are benefiting from yoga. Some are taking the proper training to learn and teach it when they are back to their home countries.

15. Scenic beauty of the country makes it feel like in heaven for the tourists.

16. Terrain is ideally suited for various adventure activities.

17. Well known Indian hospitality.

**Weaknesses:**

1. Inadequate standard hotels in the country leading to the problem of accommodation for the visiting country.

2. The cost of land in India is very high and acts as a major deterrent to the India hotel industry.

3. High tax structure in the industry makes the industry worse off.

4. Lack of awareness in the market about the tourist product.

5. Lack of network and synergy among public and private organization.

6. Progress in the India is uneven.

7. Incidents of local people harassing and torturing the visiting tourists especially the foreign tourists in different parts of the country.

8. Poor health, lack of hygiene and proper sanitation among majority of people especially in the rural parts of the country.
9. Inefficiency of the domestic airlines—there is number of instances of flight being cancelled or delayed.

10. Frequent strikes by the pilots and railway employees.

11. The condition of the roads is bad and unexpected to the tourists while travelling.

12. Heavy road taxes.

13. Poor support infrastructure: India is currently spending a miniscule amount compared with its needs, on infrastructure. China is spending seven times as much as India on infrastructure (excluding real estate) in absolute terms.

14. Inadequate infrastructure to match the arrivals.

15. Some places are inaccessible especially in winter.

16. Lack of medical facilities at tourist places.

17. Safety.

18. Lack of technological advancement in tourism industry.

19. Inadequate marketing and information channels.

**Opportunities:**

1. There are many places to be explored as a tourist destination.

2. Demand between the national and the inbound tourists can be easily managed due to difference in the period of holidays. For International tourists the peak season for arrival is between Septembers to march when the climate conditions are suitable where as the national tourists waits for school holidays, generally the summer months.

3. Unique experiences in heritage hotels.
4. The organization and arrangements of the International games in India will motivate the people from other countries to visit India.

5. People are going for sightseeing at particular places. We had an experience from the commonwealth games 2010.

6. Development of tourism, definitely a major source for the government.

7. Increased privatization.


9. Increased tourist arrival necessiates to identify their requirement and travel agencies can tap this segment.

10. Availability of high quality human resource.

11. Potential for private sector’s investment in tourism projects.

12. Asian development bank is preparing a sub-regional plan for development of tourism in India.

**Threats:**

1. Terrorism has an impact on the psyche of the visiting tourists.

2. The increasing Naxalite activities and constant Maoist attack in the country is not helping the cause either.

3. Crime rates increasing in the country ranging from petty thefts to serious murder cases.

4. Diseases in recent years such as dengue, chikungunya and Swine Flu are causing the tourist to stay away from visiting different parts of the country.

5. Increasing competition from other exotic countries e.g. Singapore, Hongkong etc.
6. Women especially western women get harassed by and local men making it unsafe for women and elderly tourists.

7. Better facilities and price by other countries.


10. Environmental factors have imposed a threat.

11. With the advent of internet the role of travel agents is changing and the whole industry faces a threat of extinction unless they change to meet the need of tourists.

**8.3. TOURISM SWOT ANALYSIS (JAMMU AND KASHMIR):**

The economy of Jammu And Kashmir State has suffered badly from disturbed conditions prevailing in the state for almost more than two decades. It would, therefore, be necessary to put the economy back on track and accelerate the pace of growth of economy and make-up for the losses suffered. Conscious of its responsibilities, the State Government is making all-out efforts to bridge the resources gap and develop the economy on self-sustaining basis. A massive reconstruction/rehabilitation process of state economy for sustainable development has been launched. The Government is very seriously looking at the economy of the state with a view to restructure it. Under this approach, each and every sector of the economy is being analyzed with a view to explore possibility for its further expansion/improvement. By doing so, the Government is in a way conducting SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the economy. SWOT analysis involves examination of all sectors viz; Economic sectors, Social sectors and Infrastructural sectors of the economy. But here the SWOT analysis for Tourism
industry of Jammu and Kashmir State is being presented. Tourism industry is the backbone of Jammu and Kashmir economy, so it is important to do SWOT which gives us Strengths on which we can build on, weaknesses, which we have to take care of by strengthening them, Opportunities which we should exploit and utilize to the best and the Threats which we have to counter for the development of Tourism in J&K.

**Strengths:**

2. Three distinct Regions with diversity VIZ; Ladakh, Jammu and Kashmir.
3. Flora, fauna, lakes, mountains, pilgrimage places, springs, palaces, monuments, horticulture, handicrafts, shawls etc. had make the state a major attraction for visiting the state.
4. Kashmir is the Heaven: Switzerland of India/Asia.
5. Kashmiri people are hospitable, hospitality in their nerves.
6. Various kinds of tourism available to be exploited.
7. Local people experienced due to past tourism booms.
11. Tourism generates employment, though it is difficult to measure or calculate the employment generation as these jobs are scattered across many sectors and cannot be identified without a proper survey. However, according to some rough estimates, 20 percent of people get direct and indirect employment from Tourism Sector.
12. Tourism is one of the important revenue earners for people in the state. Though the industry has suffered a lot due to law and order problems, but there are definite signs of its revival.

**Weaknesses:**

1. Jammu and Kashmir is a high cost mountain economy and has a number of characteristics that poses special developmental challenges.
2. It suffers from limited capacity in the public and private sectors.
3. Tourism policies are there but not effective.
4. Underdeveloped destinations.
5. No proper/poor connectivity.
6. Low awareness level.
7. Low/Poor promotional activities.
9. Economy dependent on Tourism.
10. Poor Coordination between departments.
11. Stress only on few developed sites.
12. Low time spending.
13. No diversion of tourists from specific tourism to other type of tourism.
14. Less tourist’s diversion to new places.
15. No sufficient tourism research.
16. No capacity building of stakeholders for better services.
17. Complacency and non customer friendly.
18. No Accountability in Financial Matters and Services.
20. Lack of Training Infrastructure and Hospitality Industry.

**Opportunities:**

1. The lush green forests, snow clad mountains, sweet springs, perennial rivers, picturesque alpine scenery, great cultural heritage sights and pleasant climate of Kashmir valley wait for making the state an Internationally acclaimed tourist destinations.
2. Can cater to almost all Tourist Tastes.
3. High returns from tourism industry.
5. Unexploited to a good extent.
6. Pilgrimage Circuits.
7. Package tours.
8. Higher spending of people on recreation, entertainment.
9. Linkage with specific circuits in other states.
11. Government role as caretaker and facilitator.
13. The state has sufficient potential to exploit for more and more revenue generation from tourism sector.

**Threats:**

1. The State is situated on seismic Zone which is vulnerable to natural disasters like earthquakes. Natural disasters cause high volatility in its State Domestic Product and can reduce the arrival of tourists.
2. The state has witnessed a two decade long turmoil, making it difficult to maintain law and order situation which lead to high growth in administrative/security related expenditures, besides, resulting in loss or opportunities for growth of economy and generation of employment.


4. Competition.

5. Diversion of tourists to other safer places.


7. Low information dissemination, access and training.


9. Non treatment of tourism as service industry.

Looking at the importance of SWOT, the tourism industry needs SWOT for the sustenance and the smooth growth. If the analysis will be done for the tourism industry in India especially in Jammu and Kashmir to see the strengths, weaknesses, opportunities and threats of it, then there is surely development of this growing industry. Much has been done for its development but much has remained to be explored and need to develop more and needs serious concern from the government.