SWOT analysis is a tool that identifies the strengths, weaknesses, opportunities and threats of an organization. SWOT analysis can be used effectively to build organizational or personal strategy. It is one of the cornerstone analytical tools to help an organization in developing a preferred future. It is one of the time tested tools that has the capacity to enable an organization to understand itself. This analysis assists the firm in accomplishing its objectives, overcoming or minimizing obstacles to achieve desired results. The purpose of the SWOT analysis is to provide information on strengths and weaknesses in relation to the opportunities and threats of an organization.

Strengths: These are the characteristics of any firm/business that give it an advantage over others.

Weaknesses: These are the characteristics that place the firm/business at a disadvantage relative to others.

Opportunities: These are the elements that the firm/business could exploit to its advantage.

Threats: These are the elements in the environment that could cause trouble for the firm/business.

Role and Importance of SWOT Analysis

1) Identify Strengths
The analysis of the internal environment helps to identify the strengths of a firm. The internal environment refers to plans and policies of the firm, its resources—physical, financial and human resources e.g. If the firm has good relations with workers, the strength of the firm can be identified through the workers loyalty and dedication on the part of workers.
2) **Identify Weaknesses**
A firm may be strong in certain areas, whereas it may be weak in some other areas. The firm should identify such weaknesses through SWOT analysis so as to correct them as early as possible e.g. Lack of capital may be a weakness of the firm, but firm should try to raise additional funds to correct the weakness.

3) **Identify Opportunities**
An analysis of the environment helps the business firms to identify the opportunities in the market. The business firm should make every possible effort to grab these opportunities, as and when they come.

4) **Identify Threats**
Business may be subject to threats from competitors and others. Identification of threats at an earlier date is always beneficial to the firm as it helps to defuse the same. For instance, a competitor may come up with innovative product. This not only affects the firm’s business but also endanger its survival, so business firm should take necessary steps to counter the strategy of the competitors.

5) **Effective Planning**
A proper study of SWOT analysis helps a business firm to plan its activities properly. Before planning, it is very much necessary to analyze the internal as well as external environment of an organization. After SWOT analysis, the firm can list out well-defined and time-bound objectives, which in turn help to frame proper plans.

6) **Facilitates Organizing Resources**
SWOT analysis not only helps in organizing the resources of right type and quantity but it also enables a firm to know the demand potential in the market. Accordingly, the firm can plan and organize the right amount of resources to handle the activities of the organization.

7) **Face Competition**
A study of SWOT analysis enables a firm to analyze the competitor’s strengths and weaknesses. This would enable the firm to incorporate the competitor’s strengths in its working. The firm may also try to exploit the competitor’s weaknesses in its favor.
8) **Flexibility in Operations**

Some factors are uncontrollable and a business firm finds it difficult to influence the surrounding of its choice. A study of SWOT will enable a firm to adjust its operations depending upon the changing environmental situation.

**SWOT Analyses of Selected Firms on the Basis of the Study**

The present chapter performs SWOT analysis on the firms under study on the basis of analysis done in the previous chapters.

**Maruti Suzuki**

**Strengths**

1) Brand reputation.

2) Wide spread service network.

3) Reasonable price.

4) Less maintenance cost of vehicles.

5) Good resale value of vehicles.

6) Productive assets.

7) Lesser dependence on debt capital.

8) Large market share.

9) Better after sale services.

10) Satisfied customers.

11) Efficient use of resources.

12) One of the largest dealer and service station network in the passenger vehicles segments.

13) High demand in export market.

14) High capital productivity, labor productivity and capital-labor ratio.

15) Professional dealership.
Weaknesses

1) Small product line as the firm produces only passenger vehicles.
2) Lesser attractive designs in comparison of other rivals in the industry.
3) Discounts and concessions provided by the firm are not so attractive for the consumers.
4) Advertisement and promotion has lesser impact on the consumer buying behavior.
5) Lesser expenditure on marketing as compared to rivals in the market.

Opportunities

1) Market leader in passenger cars segment in the large Indian market.
2) Increasing demand in the foreign market for Maruti Suzuki passenger vehicles.
3) Regular launch of new models can help the firm to sustain its market share.
4) Lots of opportunities for the firm in the growing Indian rural market.

Threats

1) Threat of human resources problems and break downs in the production process due to overutilization of capacity.
2) Regular increase in competition in the domestic and foreign market.
3) Lesser expenditure on research and development as compared to the domestic competitors, Tata Motors & Mahindra & Mahindra.
4) Increasing petroleum prices.
Tata Motors

Strengths

1) Largest dealer and service stations network among the sampled firms.
2) Reasonable price of the vehicles.
3) Better size and capacity of the vehicles.
4) Large product line.
5) Value for money vehicles.
6) Strong brand reputation particularly in commercial vehicle segment.
7) Easy availability of spare parts.
8) Less maintenance cost particularly in commercial vehicle segment.
9) Introduced the cheapest car ‘Nano’ and got good response in the market.
10) One of the largest exporters of commercial vehicles.
11) International Tie-ups such as Jaguar Land Rover and Marcopolo, Cummins, Fiat India Ltd.
12) Market leader in commercial vehicle segment.
13) Highest growth of production and domestic sale in the passenger vehicles segment among the firms under study.
14) Produce vehicles according to Indian conditions.
15) Better price strategy particularly in commercial vehicle segment.

Weaknesses

1) Less resale value in case of passenger vehicle segment.
2) A weak brand reputation in passenger vehicle segment in comparison of competitors like Maruti Suzuki Ltd. Hyundai Motors Ltd. Toyota Motors, etc.
3) Lack of comfort in the vehicles.
4) Weak financial policies.
5) More dependency on debt capital.

6) Less productive assets.

7) Less dependence on shareholders fund.

**Opportunities**

1) Market Leader in commercial vehicle segment in the big market like India.

2) Good opportunities in the foreign market with the acquisition of the brands like Daewoo and Jaguar Land Rover.

3) Surplus capacity in the production units and can meet the increased demand without addition in the production capacity.

4) Innovative and new features may increase in demand as the firm spends huge expenditure on research and development.

**Threats**

1) Increasing competition in both passenger vehicle and commercial vehicle segments.

2) Under utilization of resources can increase the cost of production that will result lesser profitability.

3) Regular change in emission norms.

4) Low customer loyalty in passenger vehicles category as compared to other competitors.
Mahindra & Mahindra

**Strengths**

1) Largest Market share in the MUV segment in the huge Indian market.

2) Reasonable price.

3) Satisfied customer.

4) Better profitability in comparison of the other sampled firms.

5) Diversified product line.

6) Better size and capacity of the vehicles.

7) Less maintenance cost of the vehicles.

8) Brand reputation particularly in MUVs and commercial vehicle segment.

9) Fuel efficient vehicles.

10) Second highest producer of commercial vehicles in India after Tata Motors.

11) Strong international presence as the firm exports vehicles in more than thirty five countries of the world.

12) Second largest exporter of commercial vehicles after Tata Motors.

13) Highest growth rate in the production, domestic sale and exports of commercial vehicles as compared to firms under study.

**Weaknesses**

1) Lesser product range in passenger car segment.

2) More dependency on debt capital.

3) Lesser dealership and service stations.

4) Less resale value.
5) Less expenditure on advertisement.

6) Under utilization of production capacity.

7) Discounts and concessions provided by the firm are not so effective.

**Opportunities**

1) Huge expenditure on research & development (Rs. 10605.4 million) in the year 2012-13, which is second highest in the Indian automobile industry after Tata Motors.

2) Second highest market share in commercial vehicles after Tata Motors.

3) Exports both commercial vehicles and passenger vehicles and explores new foreign markets.

4) It is the only firm among the selected firms that is in operation in the huge two wheeler market in the country.

**Threats**

1) Increasing competition.

2) Under utilization of production capacity can increase the per unit production cost.

3) More dependence on debt capital might cause financial problems in future for the firm.

4) Increasing fuel prices.

5) Rise in cost of raw material.

**Ashok Leyland**

**Strengths**

1) Largest market share in the medium and heavy commercial vehicles (passenger carrier) category and second largest market share in the medium and heavy commercial vehicles (goods carrier) category in 2012-13.
2) Reasonable price.
3) Brand reputation.
4) Better size and capacity of the vehicles.
5) Less maintenance cost of vehicles.
6) High expenditure on research and development (Rs. 3038 million) in the year 2012-13.
7) Maintains strong short term financial health.
8) Strong international presence as the firm exports more than forty countries in the world.

**Weaknesses**

1) Lesser number of dealerships and service stations.
2) Under utilization of production capacity.
3) Resale value of vehicles is less.
4) Limited product line as the firm produces commercial vehicles only.
5) Lowest average capital productivity among the firms under study.
6) More dependence on debt capital.

**Opportunities**

1) High expenditure on marketing (Rs. 1050.4 crore) in the year 2012-13.
2) Better opportunities in the foreign market.
3) Spreading business in light commercial vehicles (LCVs) category.

**Threats**

1) Increase in competition as domestic and foreign players are increasing in the Indian Automobile Industry.
2) Declining market share of commercial vehicles in the domestic market.
3) Difficulty in adjusting with ever changing consumer requirements.
4) Regular change in emission norms.
Hindustan Motors

Strengths
1) Good size and capacity of the vehicles.
2) Vehicles with less maintenance cost.
3) Comfortable vehicles.
4) Reasonable price particularly in case of commercial vehicle category.
5) Productive assets.

Weaknesses
1) Very less expenditure on research and development (Rs.45.85 million) in the year 2012-13.
2) Continuous declining market share.
3) Lesser number of dealers and service stations.
4) Narrow product line in both, commercial vehicle and passenger vehicle segments.
5) Negligible presence in the foreign markets.
6) Heavy reliance on debt capital.
7) Regular increasing losses.
8) Less advertisement and marketing expenditure.
9) Unable to change the products as per consumer needs.
10) Less productive labor as compared to other firms under study.
11) Surplus capacity in the production units on a large scale.

Opportunities
1) The technology tie-ups with Mitsubishi Motors Corporation, Japan.
2) Brand image of ‘Ambassador Car’ in passenger car market.
Threats

1) Regular increase in competition.
2) Changing emission norms.
3) Difficulty in coping up with the ever changing consumer requirements.
4) Unrest in workforce may cause a serious threat to productivity and production process.