Chapter 6

SWOT Analysis

1. Strengths

2. Weakness

3. Opportunities

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Chapter 6

Swot Analysis:

A SWOT analysis (alternatively SWOT matrix) is a structured planning method used to evaluate the strengths, weaknesses, opportunities, and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable and unfavourable to achieve that objective. The technique is credited to Albert Humphrey, who led a convention at the Stanford Research Institute (now SRI International) in the 1960s and 1970s using data from Fortune 500 companies. The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of strategic fit.

Setting the objective should be done after the SWOT analysis has been performed. This would allow achievable goals or objectives to be set for the organization.

- **Strengths:** characteristics of the business or project that give it an advantage over others.
- **Weaknesses:** characteristics that place the business or project at a disadvantage relative to others
- **Opportunities:** elements that the project could exploit to its advantage
- **Threats:** elements in the environment that could cause trouble for the business or project

Marketing:

In many competitor analyses, marketers build detailed profiles of each competitor in the market, focusing especially on their relative competitive strengths and weaknesses using SWOT analysis. Marketing managers will examine each competitor's cost structure, sources of profits, resources and competencies, competitive positioning and product differentiation, degree of vertical integration, historical responses to industry developments, and other factors.
Marketing management often finds it necessary to invest in research to collect the data required to perform accurate marketing analysis. Accordingly, management often conducts market research (alternately marketing research) to obtain this information. Marketers employ a variety of techniques to conduct market research, but some of the more common include:

- Qualitative marketing research, such as focus groups
- Quantitative marketing research, such as statistical surveys
- Experimental techniques such as test markets
- Observational techniques such as ethnographic (on-site) observation
- Marketing managers may also design and oversee various environmental scanning and competitive intelligence processes to help identify trends and inform the company's marketing analysis.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation in marketplace</td>
<td>Shortage of consultants at operating level rather than partner level</td>
<td>Well established position with a well-defined market niche</td>
<td>Large consultancies operating at a minor level</td>
</tr>
<tr>
<td>Expertise at partner level in HRM consultancy</td>
<td>Unable to deal with multi-disciplinary assignments because of size or lack of ability</td>
<td>Identified market for consultancy in areas other than HRM</td>
<td>Other small consultancies looking to invade the marketplace</td>
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Private Sector Banks

A. Strengths:

- All these Private banks have professional, dedicated and well-trained manpower
- In contrast to their Public Sector counterparts, Efficiency is maintained at the highest level
- The new Private Banks have commenced with strong financials and with a clean slate i.e. without having to pursue NPAs
- Almost all these banks have complied with Capital Adequacy requirements and prudential norms
- Most of these banks are fully computerized and techno-savvy

B. Weaknesses:

- Both old and new private banks are operating in a limited area confined to a region
- Although highly networked, the number of branches is limited
- The employee turnover appears to be on higher side
- There is dissimilarity between old and new private banks by virtue of their age, functional area, products and services, etc.

C. Opportunities:

- Being in private sector, these banks enjoy high level of autonomy facilitating them for faster decision making
- To face stiff competition, they can innovate new products and services and achieve high customer satisfaction
• With full computerization, they can offer cost-effective services like ATMs, Electronic Fund Transfer, etc.

**D. Threats:**

• Expansion of foreign banks in the post WTO era poses severe competition.

• Dominant PSBs which are recharged with a high market share will overshadow the Private Sector Banks.

• Frequent announcements of takeover / Mergers & Acquisitions by PSBs as well as new Private sector banks disturb the very functioning of old Private Sector Banks.

• RBI / GOI relaxation of FDI investment norms cause worry among the managements

**Public Sector Banks**

**A. Strengths**

• Public sector banks are the largest in India in terms of market share, revenue and assets.

• As per recent data the bank has more than 52,000 outlets and 1,25,000 ATM centres

• The PSB’s banks has its presence in 32 countries engaging currency trade all over the world

• The PSB’s banks has merged with other banks and the banks is planning to go further acquisition in the current FY2012.

• PSB’s has the first mover advantage in commercial banking service

• PSB’s has recently changed its vision and mission statements showing a sign of inclination towards new age banking services

**B. Weakness:**

• Lack of proper technology driven services when compared to private banks
Employees show reluctance to solve issues quickly due to higher job security and customers’ waiting period is long when compared to private banks

The bank spends a huge amount on its rented buildings

PSB’s has the largest number of employees in banking sector, hence the banks spends a considerable amount of its income in employee’s salary compensation.

In spite of modernization, the banks still carries the perception of traditional bank to new age customers

PSB’s fails to attract salary accounts of corporate and many government sector employees salary accounts are also shifted to private bank for ease of operations unlike before.

C. Opportunities

PSB’s is planning to expand and invest in international operations due to good inflow of money from Asian Market

Since the banks are yet to modernize few of its banking operations, there is a better scope of using advanced technologies and software to improve customer relations

Young and talented pool of graduates and B schools are in rise to open new horizon to so called “old government bank”

Expansion into rural areas

With increased interest in India, competition from foreign banks will only intensify.

Given the demographic shifts resulting from changes in age profile and household income, consumers will increasingly demand enhanced institutional capabilities and service levels from banks.

D. Threats:

FDIs allowed in banking sector is increased to 49% , this is a major threat to PSB’s as people tend to switch to private banks & foreign banks for better facilities and technologies in banking service

Customer prefer to switch to private banks and financial service providers for loans and mortgages, as PSB’s involves stringent verification procedures and take long time for processing
• Threat of stability of the system: failure of some weak banks has often threatened the stability of the system.
• Rise in inflation figures which would lead to increase in interest rates.
• Increase in the number of Private players would pose a threat to the PSB’s.