

APPLICATION OF SWOT ANALYSIS AS A MANAGEMENT
TOOL FOR ANALYZING COMPETITIVENESS OF A
PRODUCT

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This report submitted in accordance with requirement of the Universiti Teknikal Malaysia Melaka (UTeM) for the Bachelor Degree of Manufacturing Engineering (Manufacturing Process) with Honours.

By

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ABSTRACT

The purpose of this study is to apply SWOT Analysis as a management tool in analyzing competitiveness of a product. A sample of product; *e-minus* is allowed for study purpose with permits from the industry. As to enable the SWOT Analysis to be performed, three objectives are structured. This includes to identify points from *e-minus* and the two competitors' product that prior to SWOT, to analyze competitiveness using the points generates from SWOT Match-Matrix thus come out with the result and finally to develop competitive strategies for *e-minus* based on its SWOT Match-Matrix also from benchmarked results of competitor's SWOT Match-Matrix. A set of methodology is applied as a flow of completing this study. This involved the process of defining the right competitors and obtaining data for *e-minus* and the competitors. In order to gain relative data for all the three products, a template of accessing criteria that prior to SWOT point is used at first. This data is then prioritized into five and transferred into SWOT Analysis template for each product. The data is summarized and transported into SWOT Match-Matrix template for competitive analysis and discussion. Results from the SWOT Match-Matrix of *e-minus* have generated ten strategies and is used as a proposed strategies that be able to implement in order to face its market and establish its brand name. Eight strategies that derived from competitor 1 and seven from competitor 2 are viewed as a predicted strategy that might be apply by them against *e-minus* and are benchmarked. These benchmarked strategies are used as a reference to generate additional strategies for *e-minus*. As a final result, sixteen strategies are developed for *e-minus* as to ensure it could stay competitive in its market.

ABSTRAK

Kajian ini adalah mengenai penggunaan Analisis *SWOT* sebagai salah satu medium pengurusan dalam mengkaji kemampuan sesuatu produk untuk bersaing dalam pasarannya. Contoh produk yang diberi nama *e-minus* telah digunakan untuk mengkaji keupayaan saingannya melalui aplikasi *SWOT*. Bagi melancarkan kajian ini, tiga objektif telah disusun. Ini merangkumi mengenalpasti faktor penyumbang kepada *SWOT*, menganalisis faktor-faktor *SWOT* tersebut dengan menggunakan komponen *SWOT Match-Matrix* serta akhir sekali mengatur strategi saingan untuk *e-minus*. Kaedah kajian merangkumi mencari dan mengumpulkan maklumat bagi *e-minus* beserta dua lagi produk saingannya. Untuk data yang relatif bagi ketiga-tiga produk, jadual yang menetapkan faktor *SWOT* telah direka dan data disusun mengikut faktor-faktor *SWOT* tersebut. Lima data utama daripada setiap kumpulan faktor tersebut telah dipindahkan ke dalam Analisis *SWOT*. Data-data ini kemudiannya diringkaskan dan dipindahkan ke dalam *SWOT Match-Matrix* untuk tujuan analisis strategi. Hasil daripada analisis *SWOT Match-Matrix* untuk *e-minus* memperlihatkan sebanyak sepuluh strategi telah diatur untuk *e-minus* berdepan dengan permulaan pasarannya. Manakala lapan dan tujuh strategi daripada produk saingan pertama dan keduanya telah ditanda aras sebagai strategi yang diramalkan berkeupayaan mengatasi pasaran *e-minus*. Tujuan tanda aras adalah untuk membentuk strategi tambahan bagi *e-minus*. Sebagai kesimpulan, di akhir kajian telah memperlihatkan keseluruhan enam belas strategi dibentuk bagi mengukuhkan keupayaan *e-minus* untuk bersaing dengan produk saingannya serta pasarannya.

DEDICATION

My grateful thanks to my parents and whole family for their patience, understanding and supports also to Nurul Huda Muhammad, ex-engineer and a very close friend of mine who helped me figure out the product used for this study together with all information needed throughout this study.

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LIST OF ABBREVIATION

- SWOT - Strengths, Weaknesses, Opportunities, Threats
HSDPA - High-Speed Downlink Packet Access
Wi-Fi - Wi-Fi (IPA:

CHAPTER 1

INTRODUCTION

This chapter introduced the basic ideas of competitiveness and SWOT, problem statements, objectives and scope of study.

1.1 Background

Analyzing product competitiveness is mandatory in any type of industry in order to ensure market success. Product competitiveness is a stage which a product actually facing various challenges of rivals. Product with good formulating and strategies are seen to have the ability to compete and faces the rivals thus result in excel market feedback. Knowing the competition is one of the best ways to ensure market success, and doing so begins with identifying and understanding who the product must battle for business in each of its target market segments.

In developing a strategic business model, it should be understand the basics of strategy in competition and in industrial structures as an input to strategic thinking. Competition occurs directly as business provide products and services and compete with other businesses for customers, by the availability, quality and price of how the product or service. Both the context of how these businesses compete and how they design products and services are key factors in this competition (Betz, 2002).

Competition does not only look at the existing competitors but also threat from low cost and better substitute products, threat from new entrants and the technological innovators in the same product category. When formulating the market strategies for product, it is crucial to determine the product's from the inside out. This could be done via competitive analysis that carries down by the firm. The outcome from this competitive analysis is the identification of the strengths, weaknesses, opportunities and threats (SWOT) of a product. SWOT analysis is a subjective assessment of data which is organized by the SWOT format into a logical order that helps understanding, presentation, discussion and decision-making (Chanman, 2005).

The term 'SWOT' itself is an acronym from 'strengths, weaknesses, opportunities and threats'. SWOT analysis provides a body of knowledge that is needed to undertake the strategic planning process. The result from the analysis can be used for all sorts of decision-making. Analysis of SWOT consists of a template which normally presented as a grid, comprising four sections, one for each of the SWOT headings: Strengths, Weaknesses, Opportunities, and Threats. The two-by-two matrix facilitates the alignment of the factors and applies a timeframe for achievement as defined in the four quadrants. Figure 1.1 below is the example of the diagram of SWOT.

| | | Positive | | Negative |
|----------|----|---------------|----|------------|
| | | Strengths | | Weaknesses |
| Internal | 1. | | 1. | |
| | 2. | | 2. | |
| | 3. | | 3. | |
| | 4. | | 4. | |
| | 5. | | 5. | |
| | 6. | | 6. | |
| | 7. | | 7. | |
| | | Opportunities | | Threats |
| External | 1. | | 1. | |
| | 2. | | 2. | |
| | 3. | | 3. | |
| | 4. | | 4. | |
| | 5. | | 5. | |
| | 6. | | 6. | |
| | 7. | | 7. | |

Figure 1.1: Example of the diagram of SWOT Analysis template.

SWOT enables proactive thinking, rather than relying on habitual or instinctive reactions (Chanman, 2005). The main objective of SWOT analysis is to analyze factors from both within and outside the product that may influence success. A properly conducted SWOT analysis generates information which helps a firm respond to various strategic challenges in order to keep the consistency of the product performance in market. SWOT as a technique can find suitable applications across diverse management functions and activities, is particularly applicable in early stages of strategic and marketing planning. The SWOT analysis headings provide a good framework for reviewing strategy, position and direction of a product or business proposition, or any idea (Chanman, 2005). What makes SWOT particularly powerful is that, with a little thought, it can help uncover opportunities that are well placed to exploit. Also by understanding the weaknesses of the product, a firm can manage and eliminate threats that would otherwise catch their unawares.

1.2 Problem Statement

Successful factors among product are very subjective to discuss because it tied strongly with strategic planning that structured for the product before it enters the market. If excel and well planning strategies are structured, the product will prepare for a market battle and survive for competitiveness. Especially for a new product, it is crucial to develop a strategy in order to approach the customer and be competitive among other products.

In order to fulfill this study, a product renamed as *e-minus* (which roll as a HSDPA communication server) is selected as to apply the SWOT analysis and to measure its competitiveness level. The selection of this product is made based on number of factors. The main reason is this product is such a new entrance substitute's product for local market which functions as communication server or instant office set up for SOHO (Small Office/Home Office) use. As a communication server, it is facilitated with HSDPA broadband, Wi-Fi access for LAN, SIP & VoIP communications, IP-PBX calling features and print server in only one single product. The best part for this product is it comprised with multiple additional applications compares to the other existing SOHO products. In order to obtain it competitiveness level, it is necessary to identify both internal and external point of factors prior to SWOT analysis before a strategic planning can be implemented for this product to stay competitive in market.

The idea for analyzing the competitiveness level of this product is determined since as a new substitute product, it is very crucial to get to know the market and its type of customers instead of providing ways to approach a bigger market in order to face the close competitors and react for feedback. All these factors would lead for a strategy as a kick-start for product to be able to compete.

1.3 Objective of Study

The objectives of this study are:

- a) To identify points from the product of *e-minus* and the competitor's product that prior to SWOT (Strengths, Weaknesses, Opportunities and Threats).
- b) To analyze competitiveness using the points generated from SWOT Match-Matrix thus come out with the result.
- c) To develop competitive strategies for *e-minus* based on its SWOT Match-Matrix and from the benchmarked results of competitors' SWOT Match-Matrix.

1.4 Scope of Study

Since this study is about analyzing a product's competitiveness, the focus of this study is concentrated on the selected product (*e-minus*) and the similar SOHO products that manufactured from its two close competitors. Moreover, the focus of this study is going to be specific to the technology adoption and features offers by all the three products. The reason is to identify factors that might contribute to the market rivalry and how strategies can be suitable to develop as to aid *e-minus* to stay competence. In order to approach the two relevant competitors, a market survey is conducted. The reason is to identify the most preferable brand name that chooses by users and to approach the technology and features offer.

1.5 Organization of The Study

This study is conducted in three organized flow process and is summarized as below.

Section 1: Introduction

This section introduces the basic idea or background that surrounds the title of this study, issues that contributes to the problem statement, objectives of the study and the scope of the study.

Section 2: Literature Review

This section reviews the relevant information that contributes to the literature reviews. Direction is more focus on example of management tool, SWOT as a management tool, the practiced of SWOT in a previous study as a management tool in various and different fields and also the used of SWOT as a tool in analyzing the competitiveness. This chapter also described SWOT in details beginning from the history of the SWOT until the used of the match-matrix to obtain the result.

Section 3: Methodology

This section explains the methodology applies for performing this study. Despite a brief explanation on how the study is conducted, a flow chart also provided represents the processes. This chapter focus on approach method used and the way data are collected which involves three different phases.

Section 4: Result and Discussion

This chapter performs a continuation beginning from the result that arranged in a table of accessing criteria. This result is next transfer into SWOT Analysis template before it is summarized and transported into SWOT Match-Matrix for analysis and discussion. Final discussion and proposal also included.

Section 5: Conclusion & Recommendation

This is the last section of this report. This section reflects the objectives of this study accordingly to the overall findings. Recommendation meanwhile represents a propose method that applicable to implement for future study in order to gain a better result.

CHAPTER 2

LITERATURE REVIEW

This chapter reviews the relevant literature of management tools, SWOT Analysis as a management tool, previous study using SWOT Analysis and the entire SWOT Analysis.

2.1 Management Tools

SWOT (Strategic Planning), Benchmarking, Six Sigma, Total Quality Management (TQM) and several more are among of the many management tools that companies have experimented with in recent years. Rigby (2001) in his articles defined that the term “management tool” can mean many things, but often involves a set of concepts, processes, exercises, and analytic frameworks. Some tools, such as Benchmarking is specific analytical exercises with very tangible outputs. Others, such as Visioning, Creative Destruction, and Market Disruption Analysis, are processes that have less-tangible outcomes.

For years until now explosion of management tools has been witnessed and that burst was fueled by the need to successfully navigate an increasingly competitive marketplace. With operations spanning the globe, companies have become more complex, adding to the challenging decisions corporate leaders face which requires them to identify the right tools for business solution. Fortunately, they now have an expanded toolset at their fingertips, resulted from the faster emergence, less expensive information delivery systems (Rigby and Bilodeau, 2007). Table 2.1 shows several of the management tools together with its function.