

# SWOT Analysis for Karnataka Soaps and Detergent Ltd

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## **Abstract:**

Most typically, SWOT analyses are done to evaluate a company's overall strategic position and operating environment. An organization's resources and abilities should be as closely matched to the demands of the environment in which it functions as feasible if it is to be effective. It's essential to figure out the finest ways to create a unique company model. Known as one of the best soap companies in India, Karnataka soaps & Detergents Limited is located in the state of Karnataka. The government soap factory's successor is this corporation. Karnataka Soaps & Detergents Limited is a soap making powerhouse located in the Indian state of Karnataka. This company's principal concentration is on the production of personal care products such soaps, detergents, incense sticks, and talcum powders. The company has been in business for over a century and offers a wide range of products, from simple bar soaps to scented bar soaps and detergents. Its product line is tailored to meet the needs of a wide range of customers, including those at the higher and lower ends of the socioeconomic scale. A SWOT analysis of KS&DL is the goal of this research. KS&DL's SWOT is uncovered through an in-depth examination of the company's annual reports and other industry papers, all of which were compiled using secondary sources from 2016-2017. Factory in prime position, state-of-the-art production facilities, and 75% of the world's sandalwood oil are only some of the company's strengths. Its key flaws include an inability to make full use of existing resources and a lack of efficient marketing and public relations efforts. The research also shows the possibilities and threats. The study finds that a SWOT analysis is necessary to create and implement a strategy successfully. It's a potent tool, but how it's used is very dependent on the individual. As a suggestion rather than a prescription, this is the preferred course of action to adopt. Corporations must build on their strengths, rectify their weaknesses, and take actions to defend themselves from both within and outside threats in order to be successful. This allows them to anticipate and grab new opportunities before their competitors do. They also regularly monitor the status of the environment in which their organisation works.

**Keywords:** Strength, weakness, Opportunities, Threats, Soap Industry

## **INTRODUCTION**

A company's "Strengths, Weaknesses, Opportunities, and Threats" evaluation is known as a SWOT analysis. According to definitions, Strengths (S) and Weaknesses (W) are both considered internal components over which company can have some control. Opportunities

(O) and threats (T) , on the other hand, are considered to be external factors over which have little or no control. [1]

The SWOT Analysis is the most often used tool for analysing a company's overall strategic position and the environment in which it operates. In order to be effective, an organization's resources and talents should be matched as closely as possible to the needs of the environment in which it operates. When it comes to creating a distinctive company model, this activity is all about identifying the best strategies.

A company's internal and external environments may be evaluated using this framework. Is a comprehensive look at all of the factors that contribute to the company's performance, both inside as well as outside. Keeping a close eye on the shifting trends in the business environment helps foresee and anticipate them, and it also helps integrate them into the company's decision-making process.[2]

- "Strengths" in this sense are those traits that allow us to accomplish the organization's purpose. In order to attain and maintain long-term success, the following foundational elements must be in place.[3]
- An organization's strengths are the positive aspects of the organisation or its capabilities. People skills, process capabilities, financial resources, goods and services, customer goodwill, and brand loyalty are all examples of a company's strengths. these advantages. Organizational strengths include, but are not limited to, substantial financial resources, a broad product line, no outstanding debt, and a committed workforce.[4]
- A weakness is anything that prevents company from accomplishing its goals. These flaws have a negative influence on the company's ability to operate and expand. Those parts of a situation's weaknesses that fall short of ideal expectations are called weaknesses. Weaknesses that may be identified in an organisation include difficulty to make informed judgments, outdated machinery, and a restricted product line. Potential flaws that may be present include: Weaknesses can be overcome. As much as feasible, they should be eradicated. There are several ways to address the issue of old machinery, such as by purchasing new equipment. Additionally, a high staff turnover rate, a slow decision making process, a narrow product line-up, and major waste of raw materials are all indications of organisational shortcomings.[5]
- Company's ability to take advantage of the circumstances around it and make use of those elements to increase its profitability is a key aspect in achieving these outcomes. Strategically taking advantage of opportunities may provide companies an edge in the market. In order to deliver the best possible service to consumers while also obtaining the desired results, selecting objectives is a difficult task. As the market, competition, industry/government, or technology advancements progress, opportunities may arise. For new enterprises to compete in the telecom sector, the combination of a growing demand for services and deregulation offers an excellent opportunity.[6]
- When the organization's activities are put in threat by external factors, there are dangers. When they are linked to the weaknesses, the scenario becomes much more perilous. There is no limit to the evil that may be done. The safety and well-being of a community might be jeopardised if a threat is discovered. Potential threats include: employee dissatisfaction with management, escalating competition due to technological change, surplus capacity caused by increasing rivalry, pricing wars, and a decline in industry profits. There are a slew of other concerns to consider.[7]

The development and implementation of a strategy necessitates the application of SWOT Analysis. A strong tool, yet there is a large level of subjectivity in its application. It is suggested

that this be used as a recommendation rather than a prescription.[8] To be successful, companies must build on their strengths, try to correct their weaknesses, and take steps to protect themselves from both internal and external threats alike. This is in addition to constantly monitoring the health of their business environment, which enables them to anticipate and grab new opportunities before their competitors do.[9]

## **COMPANY PROFILE**

Karnataka soaps and Detergents Ltd

There are just a handful of businesses that have long had a dominant position in the Indian soap sector, including

1. Hindustan levers Ltd.
2. Tata oil mills (taken over by HLL)
3. Godrej soaps private limited.

The soap manufacturing sector in India was doing extremely well up until 1967 and 1968, when it started to decline. However, it quickly began to rebound, and in 1974 it saw a brief period of expansion.

The manufacturing of soap may be broken down into two categories: organised and unorganised industries. KSDL is considered to be part of the organised sector.

## **PRESENT STATUS**

India is an excellent choice for a market to sell cleaning supplies. The Hindustan liver brand, which dominates the cleaning industry, is available in virtually every part of the industry, with the exception of the tiniest of Indian communities. In India, the market for soap, which is 7.4 lakh tonnes per year, is expanding at a rate of 4 percent.

The Indian soap market is a pseudo market, and it is amazingly complex, being segmented not only on the basis of price benefits, but even a range of emotions within that outlining framework. The hope lies in increasing the value of the rupee, and the potential for doing so is high. The reason for this is that the Indian soap market is pseudo in nature.

## **PROBLEMS OF SOAP INDUSTRY**

The soap business is struggling with a few issues with raw ingredients. The primary components are benzene, soap ash, and linear alkyl. Sodium is also present. Phosphate of Tripoli presents a number of significant challenges with regard to its supply. The difference between demand and supply of vegetable oil is between 1.5 and 2 lakh tonnes, and it is filled by imports. These days, caustic soda and soap ashes may be found in rather high concentrations in the more affordable forms of soap.

## **HISTORY AND FIRST DAYS OF OPERATIONS OF THE COMPANY**

The Karnataka soaps & Detergents Limited is a factory that is considered to be one of the finest factories in the Indian soap industry. This company is the successor to the government soap factory. After the First World War, there was a significant decrease in the amount of sandal wood that was sent to the west. It cast a pall of gloom over the nation of India's commercial and commerce sectors.

In 1918, the Maharaja of Mysore sowed the first seeds of what would become KS and DL on the outskirts of Kati woodland, close to Bangalore. This allowed him to transform a potential danger into an opportunity.

With the inspection of the Divan of Mysore, Late Sir. M. Vishvesvaraya, and with the service of scientists Late Sir S.G. Shastry, Professor Watson, and Dr. Sub rough, the project took shape with the engineering ability and competence of a top-level team.

It is entirely due to Sir S.G. Shastrary, who perfected the manufacturing method of sandalwood oil and the world-famous Mysore Sandal Soap. He was the one who improved upon it and made it better.[10]

### **HISTORY OF KS&DL (INCEPTION)**

In 1918, a very modest manufacturing facility with a capacity of one hundred tonnes per year was established close to K.R. Circle in Bangalore. After that, in July of 1957, the plant relocated its activities to the Rajajinagar industrial district located in Bangalore. The facility covers an area of 42 acres on the Bangalore-Pune Highway, and its divisions include soap, detergent, and fatty acid production. It is widely accessible by a variety of transport services and communication channels.

In November of 1918, Mysore Sandal Soap was introduced to the market as a result of painstaking efforts and tests that had been carried out in order to develop a soap perfume mixture employing sandalwood oil as the primary foundation for the production of toilet soap.

### **NATURE OF BUSINESS**

The soap manufacturing powerhouse that is Karnataka Soaps & Detergents Limited may be found in the Indian state of Karnataka. Manufacturing personal care items such as soaps, detergents, incense sticks, talcum powders, and other such items is the primary focus of this company's operations. The firm has been in existence for close to a hundred years and has a diverse product line that includes everything from basic soaps to fragrant soaps and detergents. It has designed its product line to cater to the requirements of consumers who fall into both upper and lower income brackets of the social stratification system. The company adheres to the philosophy that conducting business should be done not only with the purpose of making a profit but also to serve society by being socially responsible and to engage in business that protects its culture at the same time. This philosophy guides the company's day-to-day operations.[11]

### **AREA OF OPERATION**

KS&DL has a long history of maintaining the highest quality standards, beginning with the selection of raw materials and continuing through the processing and packaging of the final product. These products are regularly exported to the United Arab Emirates, Bahrain, /Saudi Arabia, Kuwait, Qatar, and countries in South East Asia, in addition to North America and South America. The top perfume houses of the globe, including those in France, the United Arab Emirates, the United Kingdom, the United States of America, Germany, Japan, and Saudi Arabia, have a strong demand for sandalwood oil. The oils and fats used in the production of all of KS&DL's toilet soaps are from vegetable sources, and the products include no animal fat whatsoever.

### **OWNERSHIP PATTERN**

Written on the building: "Wholly owned by the Government of Karnataka."

**KS&DL's Rivals in the Market**

• Nirma Soaps, • Tata Oil Mills, • Wipro, • Hindustan Lever Limited, • Godrej Soap Private Limited, • Procter & Gamble, •

**Infrastructural facilities**

Since KSDL is situated in the middle of the city, its location provides the business with a number of advantages in terms of the delivery of raw materials and other resources that are necessary for the production process to take place.

The company has other infrastructural facilities like huge warehouses, designed particularly to store the soaps and detergents. The company also provides proper canteen and sanitary facilities to its employees. The company's campus is covered in lush greenery, which allows the layouts to be ergonomically designed to suit the smooth movement of machinery and men.

Not only does the corporation provide transportation for its workers, but it also has the means to ship out finished products.

**Awards that can be attributed to KSDL**

KS&DL has been awarded the ICWAI National Award for Excellence in Cost Management of the Year 2007 for their work in the field.

Export sales criteria for the year 2008-09 were set at Rs.6.27 cores, which is an increase over the same time period the previous year, when they were set at Rs.6.00 cores. In addition to the traditional markets in Asia and the Middle East, the company has expanded into the markets in the United States and Japan.

At September 2009, a talcum powder unit was installed in Bangalore Complex at a cost of 65 lakhs rupees.

Presented a new economical pack of NagachampaAgarbathis at the price of Rs.10/- in order to reach the greatest number of clients by sourcing from rural regions and assisting the generation of rural residents. The entire amount of money made through the sale of Agarbathis has increased from 3.5 crores to 5 crores.

Launched herbal liquid hand wash in Karnataka, Chennai, and Hyderabad. Launched new wave turmeric toilet soap in the popular market in Andhra Pradesh, Karnataka, and Chennai.

The company's initiative to encourage farmers to cultivate more sandals has been met with positive feedback from the farmers' community.

**OBJECTIVES OF THE STUDY**

To understand the SWOT analysis for KS&DL

**METHODS**

The study is based on the analysis of secondary data available , annual reports of KSDL and various other reports on Soap and detergent industry are analysed carefully to identify and understand the SWOT for KS&DL. All the data used for the study is based on the data of last 5years starting from the year 2016-2017 and it date. [12]

**SWOT FOR KSDL****STRENGTH**

- The plant is situated in the middle of the city and has all the necessary infrastructure. Raw materials and final goods must be moved quickly. People and goods may easily move around due to its proximity.

- Due to government engagement, the firm has a modern manufacturing plant with maximum capacity, brand loyalty among customers, and a market share of 90% for sandal soap. There has been little financial crises because of the government's support.
- A wide distribution network that reaches every Loop and corner of the city.
- When it comes to their main items, there is relatively little competition.
- When a firm is ISO 9002 accredited, it has a distinct brand identity.
- Because of its wide selection of goods, the business remains steady.
- Raw materials are readily available in large quantities.
- 75 percent of the world's sandalwood oil is produced in two plants in Shimoga and Mysore.

### WEAKNESS

- Power-intensive: under-utilization of available capacity leads in this vulnerability.
- Ineffective advertising and public relations are lacking in the marketing plan.
- Research and development is ineffective since no breakthroughs in new goods have been produced.
- As a whole, detergents account for about 8% of the entire market share.
- Because of absence of direct sales, many dealers' debts are deteriorating.
- Profitability is hampered by the use of unskilled workers and an oversupply of workers.
- Product is lying unused.

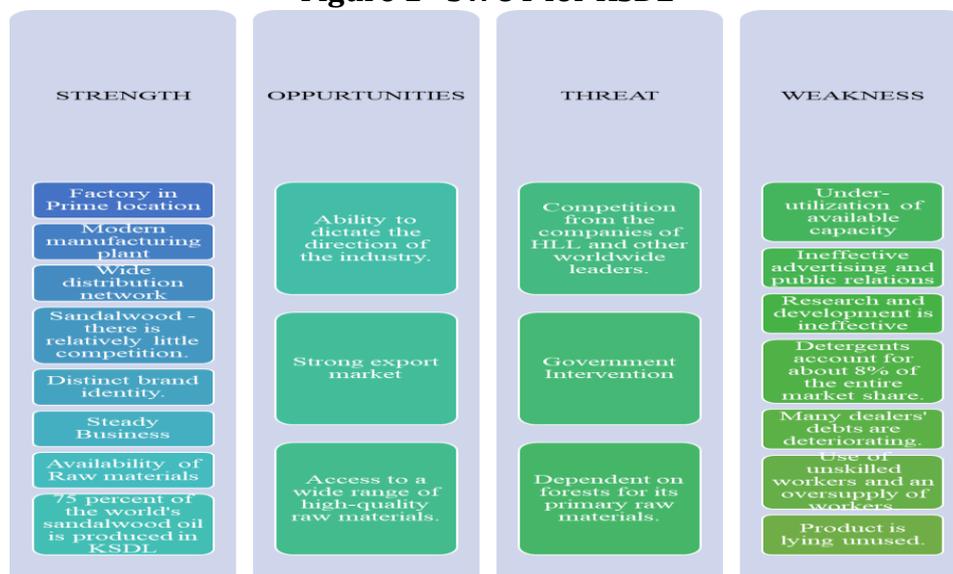
### OPPORTUNITIES

- If KS& DL, a leading manufacturer of toilet soaps and detergents, is able to attain peak production capacity, it will be able to dictate the direction of the industry.
- A company with a strong export market has to aggressively pursue the international market.
- Currently, the company has access to a wide range of high-quality raw materials.

### THREATS

- Competition from the companies of HLL and other worldwide leaders.
- The government's meddling in the economy may limit its growth.
- The industry is dependent on forests for its primary raw materials.

Figure 1- SWOT for KSDL



## CONCLUSION

The use of a SWOT analysis is required in order to successfully plan for and carry out the execution of a strategy. A powerful instrument, but its utilisation involves a significant amount of subjectivity and responsibility on Company's part. For KSDL business to be successful, company needs to build on their existing strengths, work to improve their areas of weakness, and take precautions to protect themselves from dangers from both inside and outside the Organization. In addition to this, KSDL should maintain regular surveillance of the state of the environment in which their firm operates, which enables them to predict and seize new possibilities before their rivals do so.

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