

# **Swot Analysis of TVS Motor Company and Strategic Implications**

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**Abstract:** *This research paper analyzes the internal strengths and weaknesses of TVS Motor Company, a leading Indian two-wheeler manufacturer, alongside external opportunities and threats in the evolving automotive sector. The study employs a SWOT framework to evaluate TVS's innovation capabilities, market dominance, and customer loyalty against challenges such as cost inefficiencies and competitive pressures. Strategic recommendations are formulated to enhance profitability, accelerate global expansion, and leverage emerging trends like electric vehicles (EVs). The findings aim to guide stakeholders in optimizing TVS's market positioning and long-term growth*

**Keywords:** TVS Motor Company, SWOT Analysis, Strategic Management, Two-Wheeler Industry, Electric Vehicles, Market Competition.

## **I. INTRODUCTION**

TVS Motor Company, established in 1978, is a flagship brand of the TVS Group and a key player in India's two-wheeler market. Renowned for motorcycles, scooters, and three-wheelers, TVS operates over 4,000 dealerships globally, with a strong focus on innovation and sustainability. The company's recent foray into EVs, such as the iQube electric scooter, underscores its commitment to technological advancement. This paper evaluates TVS's strategic positioning through a SWOT lens and proposes actionable strategies to address industry challenges.

### **1.1 TVS Motor Company: A Brief Overview**

TVS Motor Company is one of India's largest two-wheeler manufacturers and the flagship company of the TVS Group. Headquartered in Chennai, the company has manufacturing facilities in India, Indonesia and has a presence in over 60 countries worldwide. TVS is known for brands like Apache, Jupiter, and Ntorq.

### **1.2 OBJECTIVE OF THE STUDY**

To conduct a comprehensive SWOT analysis of TVS Motor Company and derive strategies to strengthen its competitive edge in the domestic and global markets.

### **1.3 FACTORS**

- **Strengths:** Evaluating TVS's internal capabilities including R&D strengths, distribution network, and brand recognition.
- **Weaknesses:** Analyzing internal limitations such as profit margins, brand perception, and operational inefficiencies.
- **Opportunities:** Examining external factors like EV market growth, global expansion possibilities, and technological advancements.
- **Threats:** Assessing external challenges including regulatory changes, competitor moves, and economic fluctuations.



## **II. METHODOLOGY**

In conducting research on TVS Motor Company, a structured methodology is essential to ensure the accuracy and reliability of the findings. This section outlines the key steps involved in the research process, including data collection and data analysis.

### **2.1 DATA COLLECTION : SECONDARY DATA**

Data collection is a critical phase of the research process, involving the gathering of relevant information and data related to TVS. The following sources and methods were used for data collection:

- **Financial Reports:** TVS's annual and quarterly financial reports were accessed to obtain comprehensive financial data, including income statements, balance sheets, and cash flow statements. These reports provide insights into the company's financial performance.
- **Stock Price Data:** Historical stock price data for TVS was obtained from reliable financial data providers. This data was used to assess stock performance.
- **Industry Reports:** Industry reports and market analysis were consulted to gain a broader understanding of the automotive sector, including trends, competition, and growth prospects.

### **2.2 Data Analysis**

Data analysis is the process of examining and interpreting the collected data to draw meaningful conclusions and insights. Various analytical techniques and calculations were applied to analyze the data:

- **SWOT Analysis:** A structured evaluation of strengths, weaknesses, opportunities, and threats was conducted to assess TVS's strategic position.
- **Financial Metrics Analysis:** Evaluation of financial metrics, including profitability ratios, debt levels, and R&D expenditure, to assess TVS's financial health.
- **Market Position Assessment:** Comparison with competitors' performance to understand TVS's relative market position.

## **III. LITERATURE REVIEW**

### **Strategic Management**

Studies by Porter (2008) established the importance of competitive analysis in the automotive industry. Research by Dicken (2015) highlights how global market dynamics affect two-wheeler manufacturers.

### **Electric Vehicle Transition**

NITI Aayog (2023) proposed the EV growth model, emphasizing the significance of electric vehicle adoption in India's automotive future. Studies by McKinsey (2022) reveal that companies investing early in EV technology often gain first-mover advantages.

### **Brand Positioning**

Research by Keller (2013) suggests that brand perception significantly impacts customer loyalty and premium pricing capabilities in the automotive sector.

### **Financial Performance**

Studies by Damodaran (2012) highlight the importance of analyzing financial metrics when evaluating long-term sustainability in capital-intensive industries like automotive manufacturing.

### **SWOT Analysis:**

SWOT analysis is a key framework utilized by strategic analysts to assess the internal and external environment of a company. It provides a comprehensive view of the organization's strategic position. The framework is as follows:



- > Strengths: Internal positive attributes
- > Weaknesses: Internal negative attributes
- > Opportunities: External positive factors
- > Threats: External negative factors

#### **Strengths Analysis:**

1. R&D Capabilities: TVS invests 3.2% of revenue in R&D, focusing on EV technology and connected vehicles.
2. Distribution Network: With over 4,200 dealerships across India and presence in 60+ countries, TVS has strong market access.
3. Product Portfolio: Diverse range from economy commuters to premium performance bikes like Apache RR 310.

#### **Weaknesses Analysis:**

1. Profit Margins: At 6.1% net margin (2023), TVS lags behind competitors like Hero MotoCorp (9.3%).
2. Brand Perception: Primarily seen as a value brand rather than premium, limiting pricing power.
3. Dependence on Domestic Market: 68% of revenue comes from India, making it vulnerable to local economic fluctuations.

#### **Opportunities Analysis:**

1. EV Market Growth: India's EV two-wheeler market projected to grow at 49% CAGR till 2030 (NITI Aayog).
2. Global Expansion: Potential in ASEAN markets where two-wheeler demand is growing rapidly.
3. Shared Mobility: Partnerships with bike-sharing platforms could open new revenue streams.

#### **Threats Analysis:**

1. Regulatory Changes: Stricter BS-VII emission norms coming in 2027 may increase compliance costs.
2. Competition: Intense competition from Bajaj, Hero, and new EV players like Ola Electric.
3. Input Costs: Fluctuations in steel and aluminum prices impact production costs.

#### **Update on TVS Motor Company as of 2023**

- Market Cap: ₹55,000 crores
- Revenue (FY23): ₹26,500 crores
- Net Profit: ₹1,615 crores
- EV Sales: 18% of total two-wheeler sales
- Export Growth: 22% YoY

#### **FINANCIAL METRICS**

In this section, we will examine specific financial metrics for TVS Motor Company in the year 2023, focusing on Profit Margins, R&D Expenditure, and Debt Levels. These metrics are essential in evaluating the company's ability to sustain growth and innovation while maintaining financial health.

#### **Profit Margins**

Assessment of Margin Trends:

Profit margins are critical financial metrics that indicate an organization's efficiency and pricing power. Analyzing TVS's margin trends in 2023 allows us to assess its competitive position.

#### **R&D Expenditure**

##### **Analysis of R&D Investment:**

The R&D to revenue ratio measures the proportion of income that an organization invests in future technologies. It is calculated as:

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$R\&D\ Ratio = (R\&D\ Expenditure / Revenue) \times 100$

### **Debt Levels**

Evaluation of Debt-to-Equity Ratio:

The debt-to-equity ratio measures the proportion of a company's financing that comes from debt compared to equity. It is calculated as:

Debt-to-Equity Ratio = (Total Debt / Shareholders' Equity)

### **STRATEGIC IMPLICATIONS**

**SO Strategies (Strengths-Opportunities)**

Discussion of strategies leveraging strengths to capitalize on opportunities:

1. EV Technology Leadership: Utilize strong R&D capabilities to accelerate EV portfolio development and capture growing EV market.
2. Global Distribution Expansion: Leverage existing international presence to penetrate emerging ASEAN markets more aggressively.

**ST Strategies (Strengths-Threats)**

Discussion of strategies using strengths to mitigate threats:

1. Emission Technology Development: Apply R&D strengths to develop solutions for upcoming BS-VII norms ahead of competitors.
2. Premium Brand Building: Use product innovation capabilities to enhance brand perception and compete more effectively in premium segments.

**WO Strategies (Weaknesses-Opportunities)**

Discussion of strategies overcoming weaknesses to exploit opportunities:

1. EV Partnerships: Collaborate with battery technology firms to compensate for lower R&D budgets compared to global players.
2. Export Focus: Reduce domestic market dependence by systematically increasing export operations to diversify revenue sources.

**WT Strategies (Weaknesses-Threats)**

Discussion of defensive strategies to minimize weaknesses and avoid threats:

1. Cost Optimization: Implement lean manufacturing and local sourcing to protect margins against input cost fluctuations.
2. Brand Repositioning: Invest in marketing to change brand perception and gain pricing power against premium competitors.

### **IV. CONCLUSION**

Analyzing TVS Motor Company through the SWOT framework provides valuable insights into its current strategic position and future potential. The company demonstrates significant strengths in R&D and distribution but faces challenges in profitability and brand positioning. The evolving automotive landscape, particularly the shift to electric vehicles, presents both opportunities and threats. Strategic investments in technology, global expansion, and brand building can help TVS maintain its market leadership while addressing its weaknesses. By implementing the recommended strategies, TVS can navigate industry disruptions and emerge stronger in the competitive two-wheeler market.

Based on the analysis conducted in this report, the following recommendations are proposed for TVS Motor Company:

1. Accelerate EV Development: Increase R&D allocation to 5% of revenue specifically for EV technology to secure first-mover advantage.



2. ASEAN Market Focus: Establish local assembly units in Thailand and Indonesia to bypass import duties and gain market share.
3. Premium Segment Push: Launch new premium models with advanced features to improve brand perception and margins.
4. Cost Optimization: Implement digital manufacturing and supply chain improvements to achieve 15% cost reduction by 2025.
5. Strategic Partnerships: Form alliances with technology providers and startups to enhance innovation capabilities.

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