



## SWOT ANALYSIS AND PRODUCT LIFE CYCLE OF RELIANCE INDUSTRIES LIMITED

<b>Dr. (Mrs). G. Lakshmi</b>	M.Com., B.Ed., M.Phil., Ph.D., Department of B.Com (Professional Accounting), PSGR Krishnammal College for Women, Coimbatore.
<b>Afrin Banu.K*</b>	III B.Com (Professional Accounting), PSGR Krishnammal College for Women, Coimbatore. *Corresponding Author
<b>Afrin.F</b>	III B.Com (Professional Accounting), PSGR Krishnammal College for Women, Coimbatore.
<b>Divya.C</b>	III B.Com (Professional Accounting), PSGR Krishnammal College for Women, Coimbatore.

**ABSTRACT** SWOT analysis and Product life cycle are the tools that helps in strategic decision of a firm. These tools helps the management to create a firm-specific business model that will best align, fit, or match an organisational resources and capabilities to the demands of the environment in which it operates. The scope of this study is to interpret the SWOT analysis and Product life cycle of Reliance Industries Limited. This study gives a clear view of SWOT analysis and Product life cycle of Reliance Industries Limited. The data are collected from the secondary sources like annual reports, company websites and other reliable sites. From the analysis, we find that the company should consistently maintain the same standards so that it can always stand as a leading industry in the market. Reliance Industries Limited is a multinational conglomerate company and has the capability of acquiring weaker firms by throwing them out of competition. RIL has gained a global recognition driven by number of strong and diversified products and brands. Though petroleum sector brings huge revenue to Reliance, the company failed to cope up with the environmental laws and NGOs are against oil exploration. RIL attempted to monopolise the private telecom services through front companies.

**KEYWORDS** : Strength, Weakness, Opportunity, Threat, Introduction stage, Growth stage, Maturity stage, Decline stage.

### INTRODUCTION:

SWOT stands for Strength, Weakness, Opportunity and Threat. SWOT analysis helps an organisation in determining its strength, weakness, opportunities and threats. Strength and weakness are the internal factors of an organisation whereas opportunity and threat are the external factors of an organisation. For an organisation's strategy to be successful, it is necessary to analyse the firm's internal strengths and weaknesses and its external opportunities and threats.

Product life cycle is an important concept for guiding strategic choice of an organisation. There are four stages in the life cycle of a product i.e., introduction stage, growth stage, maturity stage and decline stage. Product life cycle is kind of S-shaped curve that exhibits the relationship of sales with respect of time for a product that passes through the four successive stages.

Reliance Industries Limited (RIL) is a multinational conglomerate company that deals in the sectors of retail, textiles, telecommunications, petrochemicals, energy and natural resources. RIL is the largest private sector company in India. Dhirubhai Ambani was the founder of Reliance, and now Mukesh Ambani is the Chairman and Managing Director of the company. RIL deals with number of products and brand and it serves worldwide.

### OBJECTIVES OF THE STUDY

- To interpret the SWOT analysis and Product life cycle of Reliance Industries Limited

### DATA COLLECTION

The analysis is based on the sources of secondary data. Data is taken from various sources like company's annual report, company's website, articles and publications. Finance related books and previous projects are also used for references.

### REVIEW OF LITERATURE

- Dr. D. Jaichithra and etal (2020)** published a paper on "SWOT Analysis of Covid- 19". This paper highlights the strengths, weaknesses, opportunities and threats of Covid-19. The study would be helpful for future action plan that will be beneficiary for the human beings to step into new paradigm of life. The authors found that even though the government has taken various steps to control Covid-19 and to protect the people from the virus, it is spreading unceasingly without any snarl-up. They concluded that we have to focus on reforming Indian economy despite

conundrum of difficulties faced due to Covid-19.

- Dibyajyoti Mohapatra (2016)** in his article "A Study on the Product Life Cycle of Samsung Smartphones in India" interpreted the four stages of product life cycle. He analysed the growth strategy of Samsung in the mobile phones' market. The objective of the study is to identify the internal strengths and weaknesses of Samsung and the issues and challenges it overcomes. He found that Samsung's budget is four times that of Apple. Finally he concluded that though Samsung faces many challenges still it is able to satisfy the customers in the market. The information has been collected from the annual report of the company.

### ANALYSIS AND INTERPRETATION

#### SWOT ANALYSIS

STRENGTH	WEAKNESS	OPPORTUNITY	THREAT
Increase in Cash from operating activity and Net cashflow	Mutual fund holders decreased their shareholding last quarter	Brokers enhanced proposition on target price in the past months	Government rules, regulations and strict guidelines
Reduction in debts	Less growth in Revenue and Profit	Relative Strength Index revealing price strength	Economic imbalance and inflation
Company able to set up Net Cash – Increase in Net Cash Flow for last 2 years	Ineffectual use of assets to make profits – Decline in return on assets for the past 2 years	Increase in demand for petroleum products	Environmental laws and NGOs against oil expedition
Increase in revenue for the past 2 quarters	Intense competition leading to limited market share growth	Procurement of competition to build up its position	No typical supply of new and creative products
Hike in Net Profit with booming Profit Margin	Ineffective use of shareholder funds - Decline in return on equity for the past 2 years	New customers from ecommerce platform	Heavy and intense competition

**INTERPRETATION**

The strengths, weakness, opportunities and threats of Reliance Industries Limited has been keenly analysed in detail. Firstly the strengths of Reliance Industries Limited has played a major role for the past five financial years. There has been a rise in the net cash flow and cash from operating activity. The debts of the company have been reduced gradually. **The company had been able to generate net cash in the past years as a result of which net cashflow has improved for the past two years.** There has been increase in revenue every quarter for the past two quarters. Finally **there has been growth in net profit along with increase in profit margin.** The weakness of the company are as follows, mutual fund holders has decreased their shareholdings last quarter. There has been less growth in revenue and profit. The company has used its assets inefficiently to generate profits as a result of which there has been a decline in return of assets for the last two years. The company has faced an intense competition leading to limited share market growth. And due to inefficient use of shareholders funds there has been decline in return on equity for the last two years. Next comes the opportunities of the company; the brokers has upgraded recommendation on target price in the past three months. The relative strength index has indicated price strength. **There has been growing demand for petroleum products.** To strengthen its position the company controlled its shares through buyout of competition. **The company had many new customers especially during the year 2019-2020 covid lockdown.** Lastly to discuss about the threats of the company, the government laws, regulations and strict guidelines has been a major threat to Reliance. The company faced economic instability and recessions. NGOs were against the company that the company didn't cope up with environmental laws and there was exploration of oil. Compared to other bigwigs there were no regular supply of innovative products. The company faces heavy and intense competition. Thus, the analysis gives a profound view of the financial performance and sustainability of Reliance Industries Limited.

**PRODUCT LIFE CYCLE**

In our study we have analysed the life cycle of the products,

- Reliance Jio
- Reliance Ajio
- Reliance Petroleum
- Reliance Recron Certified
- Reliance Only Vimal

**1. PRODUCT LIFE CYCLE OF RELIANCE JIO:**

**INTRODUCTION STAGE:**

- Reliance Jio was launched on September 5, 2016 and within a short span of time it made a tremendous change in the telecommunication sector.

**GROWTH STAGE:**

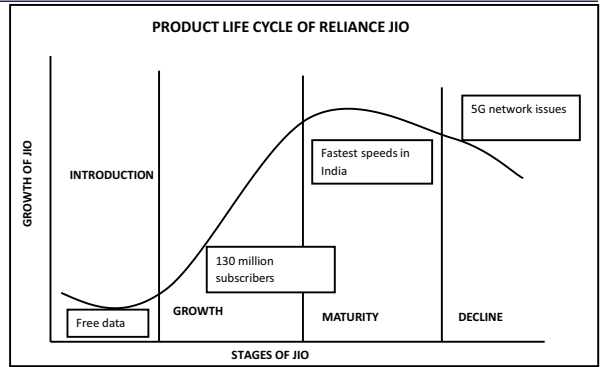
- Reliance Jio offered free data and voice services till 31<sup>st</sup> December 2016, and extended till 31<sup>st</sup> March 2017.
- Within the first month it reached 16 million subscribers and by October 2017 it had about 130 million subscribers.
- Reliance Jio launched various products and services such as,
  - Jio Fiber
  - Jio Business
  - Jio Branded devices
- In September 2020 it made partnership with Cisco for 5G development.

**MATURITY STAGE:**

- Reliance Jio became the successful 4G network in India with fastest speeds.
- It granted to a 900% boost in average monthly data usage in India.
- A varied ecosystem provided probabilities for cross-selling to customers.

**DECLINE STAGE:**

- Reliance Jio's customer data was purportedly leaked on the website magicapk.com.
- Farmers across multiple states in northern part of India have banned and have demolished Jio's towers owing to accusation of Reliance Industry's support to controversial farm laws of India.
- Social media posts regarding bird deaths due to Jio's 5G network trials.



**FIGURE NO: 1**

**INTERPRETATION**

The product life cycle of Reliance Jio reveals a positive impact right from the introduction stage. **Reliance Jio Infocomm Limited (RJIL) was a reconstruction of RIL's subsidiary, Infotel Broadband Services Limited was formed in the year January 2013.** During the mid of 2015, Jio announced that it would start its operations by the end of the year 2015 throughout the country, but the company further postponed its launch to the financial year 2016-2017. In July 2015, an NGO called Centre for Public Interest Litigation filed a case against Reliance Jio in the Supreme Court that that the company was allowed to provide voice telephony along with its 4G data service by paying an additional fee of Rs. 165.8 crore which was unreasonable and arbitrary.

However, the Indian Department of Telecommunications (DoT) said that the rules for 3G and BWA spectrum didn't restrict BWA winners from providing voice telephony and hence the case was revoked. After facing so many hurdles, finally the company commercially launched its 4G services on 5<sup>th</sup> September 2016. The first massive step to Jio's success was, **the company offered free data and voice till 31<sup>st</sup> December 2016 and which was further extended till 31<sup>st</sup> March 2017.** This was the first success of Jio. It just made a tremendous change in the telecommunication sector and which was a great threat to other leading companies in the telecommunication sector. Within the first month of its launch Jio acquired 16 million subscribers. Then it reached to 50 million subscribers in 83 days since its launch, **subsequently crossing 100 million subscribers by February 2017,** which was a great move towards its growth stage. The next step was, Jio made partnerships with companies like Samsung to work on LTE-Advanced Pro and 5G; Cisco Systems for 5G deployment and many other partnerships. Other products and services like Mobile broadband, Jio fiber, Jio business, Jio branded devices, Jionet Wi-Fi were launched in the later years. To make services easy for its customers, Jio launched a bundle of multimedia apps on the Google Playstore. Step by step Jio reached the maturity stage and it made an identity throughout the country. Yet it faced various issues like Jio's customer data was leaked on the website magicapk.com during July 2017; **Farmers' boycott during December 2020 across multiple states in northern part of India** that Jio's towers owing to allegations of RIL's support to controversial farm laws of India and as a result **there was a huge loss of 25 lakh subscribers in Haryana and Punjab.** Though facing many controversies, Reliance Jio stands as Number 1 and shines in the telecommunication industry.

**2. PRODUCT LIFE CYCLE OF RELIANCE AJIO:**

**INTRODUCTION STAGE**

- AJIO is the digital fashion extension of Reliance and was launched on April 2016. It is a fashion and lifestyle brand. AJIO is Reliance Retail's first pan-Indian ecommerce venture.

**GROWTH STAGE**

- AJIO's growth can be seen during the 2020 lockdown when there was a boom in the number of app downloads.
- For AJIO's growth, Reliance has chosen the omnichannel approach where the e-commerce site is driving on the backlog of Reliance Trends.
- AJIO helps in building up RIL's O2O (offline-to-online) potentials through in-store couponing.

**MATURITY STAGE**

- AJIO achieved four times the growth in orders from pre-COVID

levels.

- Its quarterly income rate is now equivalent to last year's income.

**DECLINE STAGE**

- It slackens in app downloads and users.
- AJIO faces tough competition from its competitors like Flipkart and Mynta.

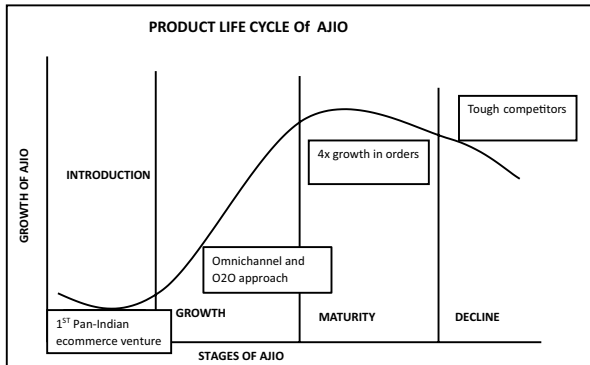


FIGURE NO: 2

**INTERPRETATION**

AJIO is the digital fashion extension of Reliance Retail which was launched in the year April 2016 at Lakme Fashion Week in Mumbai. **AJIO is RIL's first pan-Indian ecommerce venture.** This proved to be a great start for the company. It deals in categories of womenswear, menswear, kidswear and technology. AJIO provide styles that are handpicked and sells products at reasonable prices. By introducing O2O (offline-to-online) capabilities, it took the next step to the growth stage. **A massive growth took place during the 2020 lockdown with more number of app downloads and more number of orders.** AJIO reached the maturity stage with 4x growth in orders from pre-covid levels. It achieved a quarterly revenue run rate equal to 2019's revenue. AJIO is creating a differentiated ecommerce model for the country with the advanced internet infrastructure built by Jio and physical retail business built by Reliance Retail. AJIO holds the market by providing superior customer service, quick delivery services and smooth payment system. Yet AJIO faces drawbacks as **it lags in apps downloads and users and faces high competition from other bigwigs like Mynta and Flipkart.** The company will have to take more steps by introducing new innovative products and services to come over the competition in the digital market. As of now, AJIO holds a better position in the overall digital fashion sector.

**3. PRODUCT LIFE CYCLE OF RELIANCE PETROLEUM INTRODUCTION STAGE**

- Reliance Petroleum Limited (RPL) was set up in 2008 and is specialized in oil and energy. It's core operations are carried out in Ahmedabad, Gujarat, India.

**GROWTH STAGE**

- Reliance Petroleum Limited combined with Reliance Industries Limited in the year 2009.
- Reliance Petroleum Limited and Reliance Industries Limited together have two long term reserved machineries- DD KG-1 and DD KG-2.

**MATURITY STAGE**

- Reliance Petroleum Limited has processing capacity of 1,240,000 barrels per stream day with an annual crude and is the largest refinery in the world.
- When using Nelson complexity index, it's complexity will be 21.0 which is one of the highest rankings in the sector.
- The capital cost of the refinery project is Rs. 270,000 million funded through debt and equity which represents a capital cost of less than US\$10,000 per barrel per day.

**DECLINE STAGE**

- Reliance Industries limited also owed Oil and Natural Gas Corporation Limited Rs. 92,000 crores, which were already overdue by 2 years in 2012. The outstanding amount was still not paid to ONGC by RIL, as of 2018.

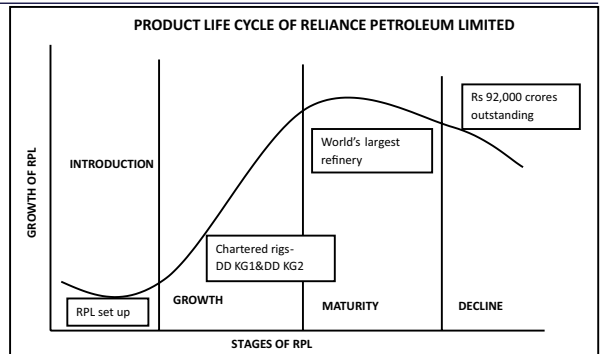


FIGURE NO: 3

**INTERPRETATION**

The diagram describes the life cycle of reliance petroleum from its initial stages to the present scenario. When the company came into existence in the year 2008, it started from nothing. Slowly it began its march towards growth and started showing signs of growth. **RPL entered its growth stage when it merged with RIL in the year 2009.** Later it also jointly owned two chartered rigs. RPL showed tremendous growth in the following years as shown in the above diagram. **It reached the mature stage by achieving the world's largest refinery title.** Not only that but it is also well known for having a complexity of 21.0 using nelson complexity index, which is one of the highest in the sector. It also has an annual crudeprocessing capacity of 12,40,000 barrels per stream day. The project is implemented with a capital cost of Rs 2,70,000 million which is less than US\$10,000 per day. The low capital cost when adjusted with higher complexity becomes more attractive. Like any other company, RPL also after the mature stage started showing signs of decline stage. **RPL have achieved so much during the years but failed to cope with its growth and fame.** In the year 2012, reports stated that RPL owned Rs 92,000 crores to ONGC which was overdue for 2 years at that time. As per the research, the amount outstanding is still not paid by RPL to ONGC as of 2018. These incidents clearly shows the declining stage of RPL. The diagram above clearly depicts the stages of growth of RPL.

**4. PRODUCT LIFE CYCLE OF RECRON CERTIFIED INTRODUCTION STAGE**

- Recron Certified® is a brand owned by Reliance Industries Limited and was launched in retail market in the year 2002. It introduced standardized and good quality sleep products at reasonable prices, through its pan-Indian network of licensee manufacturers.

**GROWTH STAGE**

- Reliance launched dope dyed recycle polyester.
- RIL tied up with Bhilwara based Star cotspin limited, India on 2016
- RIL has launched Dr.Ortho fibre pillow to get rid of cervical pain

**MATURITY STAGE**

- It has entered into co-branding agreement with Gimatex Industry Limited
- It has introduced customization of product is possible with extensive pan

**DECLINE STAGE**

- Recron Certified's level of growth will see hurdles while it faces tough competitions with foam like Duroflex and Kurlon

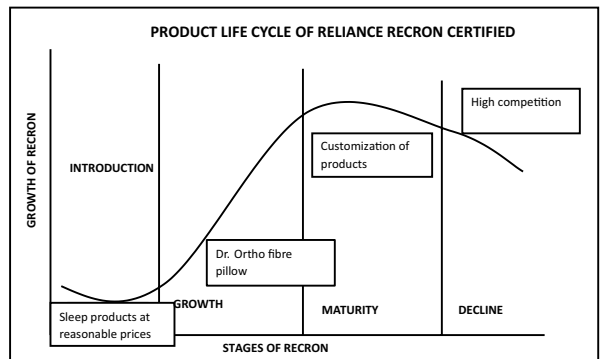


FIGURE NO: 4

**INTERPRETATION**

The product life cycle reveals that the growth of Recron Certified is healthier from its initial stage. They launched recycled polyster which was the initiative for growth stage. Tieup with STAR COTSPIN brought them massive growth. Co-branding agreement with Gimatex Industry Limited helped the company to sustain the maturity stage. As such **Recron Certified pillows are the first ever certified pillows in India**. Then they lauched ortho pillows for health care which gave them positive reviews from consumers and **it became successful and customer-friendly product**. As the company faces **high competition from its competitors like Duroflex and Kurlon**, it has to put more efforts to attract the customers all over the world and to retain in the market. The above diagram clearly represents the Product life cycle of Recron Certified

**5. PRODUCT LIFECYCLE OF ONLY VIMAL INTRODUCTION STAGE**

- Only Vimal, was found by Dhirubhai Ambani in year 1975. Only Vimal is atextile brand which was incorporated with the Reliance Textiles Industries. They set up synthetic fabric mill at Naroda, Gujarat.

**GROWTH STAGE**

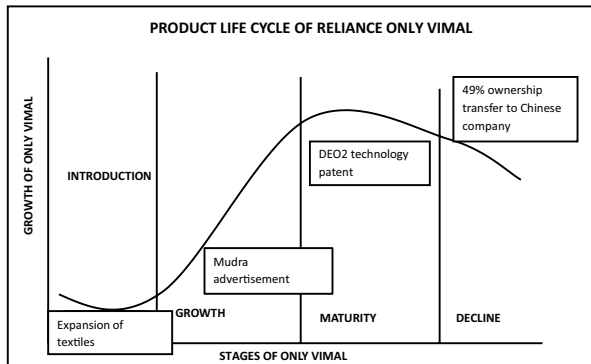
- The textile activities held at Naroda complex since the establishment of the brand has brought them substantial growth.
- They brought in the advertisement called Mudra which was telecasted in early 1980s on Doordarshan channel which earned them high sales.
- RIL planned to open both franchise and company-owned stores.

**MATURITY STAGE**

- The Indian government also granted them the DEO2 technology patent in July 2015.
- Only Vimal exported its products to US, Europe, Far East, Middle East and Africa. Exports made up 40 per cent of the turnover.
- The domestic brands using their products are Louis Philippe, Reid & Taylor, Van Heusen, Color Plus, Allen Solly, Pantaloons, Peter England, Reliance Retail, Arrow, Park Avenue.

**DECLINE STAGE**

- Reliance agreed to transfer its textiles business and the Vimal brand for an undisclosed amount of cash and a 49 percent ownership stake to Chinese company.



**FIGURE NO: 5**

**INTERPRETATION**

**Only Vimal was introduced by Reliance Group of Industries which was then transferred to Reliance Industries Limited.** The textile activities held at Naroda complex since the establishment of the brand has brought them substantial growth. Their advertisement in doordarshan was welcomed by the customers in the market. **Only vimal is regarded as the first ever retain chain in the country.** Then it reached its maturity stage when they started exporting their suitings to other countries like US, Europe, etc. The government granted DEO2 technology patent rights to Only Vimal, which made the company even more stronger to sustain in the maturity stage. The company reached its decline stage when they agreed to **transfer the textiles business and the Vimal brand for an undisclosed amount of cash and a 49 percent ownership stake to Chinese company.** The above diagram clearly represents the Product life cycle of Only Vimal.

**FINDINGS OF THE STUDY**

The research study resulted in the following major findings. The

findings are presented in the subsequent sections.

**SWOT ANALYSIS**

- Reliance Industries Limited knows its strength and weakness in the personal care market, so they are applying new concept to overcome their weaknesses.
- RIL is a multinational conglomerate company and has the capability of acquiring weaker firms by throwing them out of competition.
- RIL has gained a global recognition driven by number of strong and diversified products and brands.
- Though petroleum sector brings huge revenue to Reliance, the company failed to cope up with the environmental laws and NGOs are against oil exploration.
- RIL attempted to monopolise the private telecom services through front companies.

**PRODUCT LIFE CYCLE**

**RELIANCE JIO**

- The introduction of Reliance Jio was the most successful move of RIL.
- Offering free data and voice made it pass through the growth stage successfully.
- With millions of subscribers Jio achieved the fastest speeds in India and reached the maturity stage
- Due to 5G network trials, Jio faced controversies and criticisms.

**RELIANCE AJIO**

- AJIO was the first ecommerce venture of Reliance Industries Limited.
- AJIO's growth was successfully achieved during the 2020 lockdown through number of app downloads.
- It reached the maturity stage through 4x growth in orders from pre-covid levels.
- Other online platforms like Flipkart and Myntra stands as huge competitors to Reliance AJIO.

**RELIANCE PETROLEUM LIMITED**

- The company started off by specializing in oil and energy.
- Reliance Petroleum Limited made a cleaver move by merging with RIL in the year 2009 which largely helped for its growth.
- Reliance Petroleum Limited not only became the largest refinery in the world but also achieved the low cost capital.
- The company faced its decline stage when it was not able to repay its borrowings of Rs. 92,000 crores to Oil and Natural Gas Corporation Limited.

**RELIANCE RECROON CERTIFIED**

- Recron certified is a consumer initiative from polyster business of Reliance Industries Limited.
- Recron certified introduced home comfort range which comes with advances ECS technology that helps in its growth.
- Recron certified pillows are the first ever certified products in the history of sleep and comfort products in India.
- Kurlon and some other new launches made the market more competitive which led to its decline stage.

**RELIANCE ONLY VIMAL**

- Only Vimal was the first textile industry of Reliance which was introduced in the year 1975.
- They introduced franchise all over India which marked their growth in the market.
- Only Vimal reached the stage of maturity when majority of domestic brands started using its products.
- Only Vimal transferred 49% of its shares to a Chinese company which indicates its decline stage.

**SUGGESTIONS**

**SWOT ANALYSIS**

- The company should strictly follow the government laws and regulations and the environmental laws so that environment doesn't get affected due to oil exploration.
- The company should consistently maintain the same standards so that it can always stand as a leading industry in the market.

**PRODUCT LIFE CYCLE**

- Reliance Jio has to look over that the environment doesn't get affected due to its 5G network trials.
- RIL should take steps to improve its ecommerce venture- AJIO, by

bringing in more innovations so as to shine in the online sector

- Reliance Recron can concentrate more in its quality and service to overcome its competitors.

## CONCLUSION

Reliance Industries Limited is India's largest company with all major parameters. RIL is well known for its products and services. It also has a number of well recognized brands which are traded all over the world. This study is done to interpret the SWOT analysis and Product life cycle of Reliance Industries Limited. Reliance Industries Limited knows its strength and weakness in the personal care market, so they are applying new concept to overcome their weaknesses. The analysis is based on the sources of secondary data. This analysis will give the exact picture of the company. This study will also help the management to take managerial decisions and to create new ideas. This study also gives the knowledge about usefulness of the tools. Thus, the company should consistently maintain the same standards so that it can always stand as a leading industry in the market.

## REFERENCES

1. Dr. D. Jaichithra, Dr.M.A. Ishrath Jahan (2020), "SWOT Analysis of Covid-19", *Aut Research Journal*, ISSN NO: 0005-0601, Volume XI, Issue X.
2. Dibyajyoti Mohapatra (2016), "A Study on the Product Life Cycle of Samsung Smartphones in India", National Seminar on Emerging Trends in Management and Information Technology (ETM & IT- 2016), ISBN: 978-93-81692-07-2, Rourkela Institute of Management Studies, Rourkela.
3. Strategic Management- Board of Studies, ICAI
4. <http://www.ril.com/>
5. [https://en.wikipedia.org/wiki/Reliance\\_Industries](https://en.wikipedia.org/wiki/Reliance_Industries)