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Environmental Analysis of the electrical vehicle
industry

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INTRODUCTION

The electric vehicle industry is completely changing, especially in Europe all the brands are assuming lot of changes that are taking place in this industry. Europe has gone through lot of changes in form of adoption of electric mobility to a “turbulent” period. It has been possible to develop electric mobility so that drivers can move forward. There has been a complete transformation that is taking place in this industry and is leading towards such changes. The present essay has discussed PESTEL Analysis, Porter’s five forces and various organisational changes that are taking place and reason for such organisational changes. All such discussion will be helping in development of some strategies for successful achievement of the overall laid down objectives.

PESTLE Analysis:



Source: Google images

Pestle analysis is a tool that is increasingly used by various organisations for the purpose of making a detailed analysis of the external environmental and various factors that are part of the changing macro environment though electric vehicles industry:

Political (High) This analysis that is used for the purpose of understanding the factor that is associated with the governmental regulations that are impacting an organisation (Ghez, 2019). Increasing regulations of the government for the reduction in carbon emission is the biggest favourable aspect for the car. Government which get their revenue from petrol and diesel might not adopt electric car as this affect their revenue (Policy, 2016). Government offering tax credit for buying electric cars is also a benefit to the electric cars and this way this factor provides opportunity for the growth of electric car market.

Economic (High) Economic factors of electric cars are that they are cost saving, maintenance of electric cars is less costly than other cars. This is because moving parts in electric cars are less than petrol/diesel cars and this makes the cars cheap to maintain (Rastogi and Trivedi, 2016). This is most important factor to affect electric cars in economic factor. Though these cars are costly to buy but governments grants are availed to customers who are buying these cars these cars which make it easy to buy for customers.

Later stable economic policies can help companies to sell and customers to buy such cars. As this will be difficult for customers to buy such cars if they cannot take advantage government grants and this is possible on stable economic policies. The economic factor related to various economical changes that are taking place in the economy of a country (Gafarov, 2019). There have been changes in the VAT percents imposed on electric vehicles that have been cut down to some extent. Apart from this the economic referendum of BREXIT referendum is also leading to many changes such as there as there has been Britain leaving European Union and there are lot of changes because of this that are impacting the overall economy of Europe.

Social (Medium) It is related with the changes taking place in society (Nesti, 2018). Social factors include perception of the buyers, although the many advantages these cars have limited customers, this is because of their new and unconventional nature (Achinas and et.al. 2019). This factor needs to be addressed to engage the customers for electric cars. This is the

most important social factor related to electric cars. But along with this their new technology, their handling mechanism is one factor that attract customers to buy the cars. These cars are able to attract both types of customers from high class as they are costly to buy upfront and for middle class buyers as they are cheaper to maintain and run.

Technological (High) Perfectly new technology, which help in easier maintenance of the car because moving parts in this car are less than comparing to petrol/diesel cars which make it easier to maintain (Rastogi and Trivedi, 2016). The new car technology does not require petrol/diesel to run, saving the cost. One of the important technological aspects and elements in the electric cars is that these cars are user friendly and technology development also improved safety features of the cars.

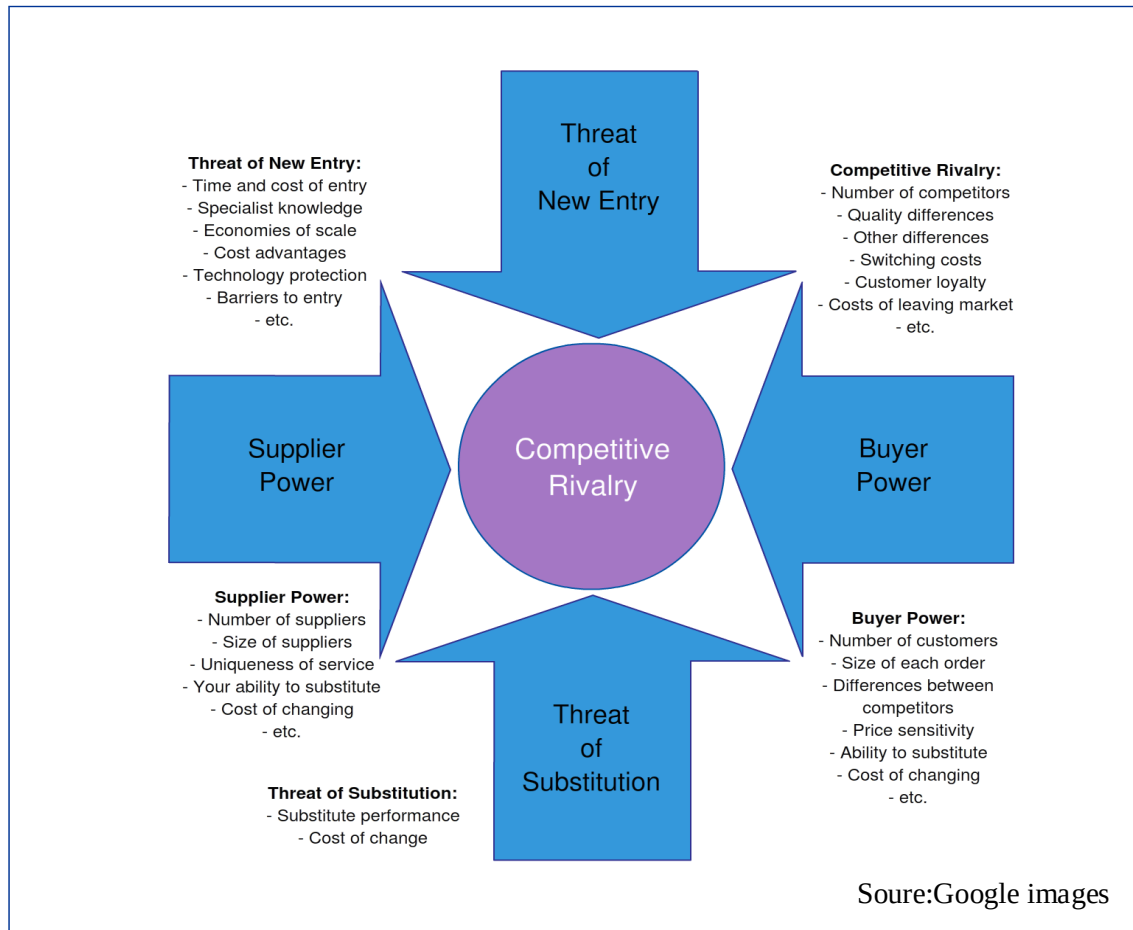
Legal (Medium) It consists of various legal obligations that have been developed by legal authorities in a country (Dudovskiy, 2018). Such as in Europe there have been more laws that have been made with regards to protection of brand image by use of intellectual property rights such as PATENT that can be used by a company, so that their innovations cannot be copied or used by any other similar brand. This factor has some challenges for the cars; most important is batteries legislation which requires authorisation for batteries that include registration and labelling. EV charge points will need to locate the charge points which are subject to general network connection rules, planning and safety regulations (Policy, 2016).

Environmental (High) The environmental factor is the most important in relation with the electric vehicles. It consists of the overall external environment that consists of protection of external environment by use of certain eco friendly measures (Lugtu Jr, 2019). The attempts made by the organisations to develop their overall brand image in certain way that there has to be more eco friendly measures. They have to be developed in order to protect the environment from such harmful emission caused by these vehicles, for instance:

Reduced carbon emission, not just the government but every citizen is thinking of ways in which carbon emission can be reduced. Noise pollution reduction, the engine of the car is peaceful and this makes it possible to reduce the noise created too. Use of renewable energy is one of the most important factors in environment of the electric cars; this is the most environmentally friendly option. As electric cars are becoming more financially accessible, these new buyers are expected to boom the market, as the generation of today and future

generations have expressed a desire to be more environmentally friendly and conscious (Hoelzlhammer, 2018).

Porter's five forces:



Porter five forces is a technique that is used for the purpose of making a detailed evaluation of the major five forces that are present in the external environment and are posing an impact on the functioning and decision making process by such organisations

Bargaining power of buyers (*medium*): The overall power of buyers in the electric car industry is moderate as there is a large number of manufacturers who are offering similar products. The overall bargaining power of electric vehicle (Tesla) customers is moderate as there are many hybrid and electric vehicle alternatives that are being offered by other big competitors and this brand is not negotiating their sale prices. So, it can be said that this is leading towards a scenario of low bargaining power of buyers for Tesla.

Bargaining power of suppliers (*medium*): The overall bargaining power of suppliers

in electric vehicle industry is moderate. For example Tesla- because its production is limited as compared to other brands in this industry, the company is highly depended on their suppliers. The company Tesla is leveraging their overall agreements with Panasonic so that they are able to make use of long term association with such brands so that they can be benefitted from such long term relationships (Dana, 2018).

Competitive rivalry (medium): Related to the number which is not large to build competition, making it a weak factor. The industry generally has low client loyalty of electric vehicles, therefore the competition is high. To deal with such high competition there is a requirement to increase the continuous process of innovation such as from the case study it can be said that there has been increase in the overall charging stations by in Europe by government initiatives which is leading to increase in the sales of electric vehicles of Tesla as compared to other similar brands (Hoelzlhammer, 2018).

Threat of substitutes (medium): it is related with the number of brands who are available in the market and present customers can substitute them, for instance whom are also the present users of electrical vehicle products. The customers can easily switch from products if they have lower switching cost and different substitutes that are available in the European market (Gafarov, 2019).

Threat of New entry (low): This force is low mostly due to the numerous barriers to entry. For someone to start a new electronic vehicle business that could compete with popular brands will take a lot of time and energy. It would also be very financially draining and potentially difficult to get the equipment and expertise needed to do that. There are also political barriers to entry (Hoelzlhammer, 2018)

Organisational changes:

There are certain organisational changes that are leading onwards drive to electric vehicles such as:

There has been a complete changes in comparison to previous structures which have been formed in organisation like Tesla for instance (Tesla impact report, 2019) there have been development of more functional departments and a new department that is digital department is being added in which the employees who are part of this department have to take care of the promotion of brand by use of digital media forces such as social media platforms and content marketing.

With the growth in renewable energy sources there has been more intermittency and

volatility that has lead to more power supply. In case of Tesco there has been use of more electrical sources energy as there can be dependency on wind or solar energy. It has lead to more association with suppliers who will be providing them with electric vehicles. (Hoelzlhammer, 2018)

Reason for various organisational changes

Organisational changes can occur at anytime and anywhere. There are various reasons for organisation changes such as external and internal business environment, merger and acquisition, governmental priorities; strategy and tactics, structural change (Dana, 2018). Enterprise always introduces new products, technology, innovation etc. which leads to organisational change at broader level. To deal with such changes HR manager of entity has to be adjustable and implement effective policies as well as procedures so that management of firm do not get disrupted (Gafarov, 2019).

CONCLUSION

From the above made discussion it can be said that there has been a complete shift in the way electrical industry is functioning in Europe. There have been major changes that are taking place in this industry and this is leading to more impact on the functioning of various electrical vehicle brands. There are more electrical charging stations that have been developed which is leading towards more ease for customers to use such electrical vehicles for the purpose of their fulfilment of travelling requirements and also make a contribution towards sustainable development.

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