

# **THE GLOBAL BUSINESS ENVIRONMENT**

## **New business opportunities and product life cycle –**

### **Assessment 2**

**DR Kenny Tang**

**Svetlana Valentinova Grozeva**

**- 1908892**

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### INTRODUCTION

Business opportunity is defined as ability to find out ways in which business may have high growth rate within marketplace. These opportunities are adopted by business to get high business sustainability and effective change management to cater more customers by recognising their needs and meeting those needs by company's offering. This aspect may provide distinct market edge to the business as they are having something that could help mass population in meeting their demands in effective manner. This report is based on Volvo cars which is a premium car manufacturer company now they are willing to expand their market with manufacturing of electricity-based cars. The main objective of the company is to place electrification at the core of its future business. So, for this they have decided to fit electronic motor within all their manufactured cars. This is the prominent step taken by the company to embrace electrification and to highlight innovation in their internal combustion engine. This is an emerging market trend within UK which is helpful for Volvo to position their manufactured products within market in an effective way and grab market opportunities as well (Conley, 2016).

### MAIN BODY

Identify new and emerging business opportunities that the production and marketing of electric cars may present to entrepreneurs and business executives.

A business may have vast opportunities to grow within market which can be adopted by business to get distinct position within marketplace and enhance market goodwill as well. In this context Volvo is having high market opportunities to grow and to sustain for this they are requisite to use some theories and tactics to develop their business accordingly. To get success, it is necessary that grabbed opportunity is having high success rate and innovation. There are some business opportunities which can be adopted by Volvo to get business success which is elaborated as under:

**Internal combustion engine:** This is a conventional internal combustion engine which is not having any dependence over electric infrastructure. This consumes high fuel and exhaust emission in high range. Due to this feature they are used by highly optimised and works within on-going processes.

**Hybrid electric vehicle:** These vehicles are having parallel configuration of electric and ICE drive and these comes within optional plug in option which is called PHEV in technical terms. ICE is known as primary mover of those vehicles which are supported by small electric motor. Along with this these

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devices are having small battery which is charged by ICE. This technology is used for small distance as it is having low speed in their vehicles (Goldsby and Zinn, 2016).

**Range extended electric vehicle:** It is a hybrid configuration of electric drive and casually it is having smaller battery capacity than BEV. This technology is helpful for moderate distances in which vehicle can be charged from grid. This technology consists of small generator as in comparison of BEV.

**Battery electric vehicle:** These are designed purely for electric drive and having large battery capacity which contains Li-on technology. This can be used for small and medium distances. This is having only a single charging battery which can be charged with grid stationary (Kranz, 2016).

**Fuel cell electric vehicle:** This contains series of configuration of fuel cell system and electric drive. It is based on fuel cell stack technology in which hydrogen tank pressure typically 350 or 700 bars and used for medium and high range distances.

By using these business model Volvo can expand their market and present these models to entrepreneurs and business executive so that to grab more investments. There are some models which are required to be followed by business to decide about business strategy. These models are elaborated as under:

**Product life cycle:** When a new product is introduced to the market then it may have to pass through from various stages and within these stages all the marketing decision are different. These stages are differentiated into four categories i.e. introduction, growth, maturity, and decline. It is said that every new product will have to pass from these four stages during its life span and life of all the stages are different so it can be large or small as according to the success rate. The stages of PLC have been explained underneath:

**Introduction stage:** Within this stage the business tries to establish product awareness about the new product within marketplace. Under this stage a robust market plan is prepared with a foremost objective of enhancing product awareness within marketplace and to provide a market to the product. Within the context of electric car as it is having high demand within UK and this is the target market for Volvo. So, to position their product within market they are spreading awareness about these products and enhancing knowledge about electric vehicles in their customers (He, Luo and Huang, 2019).

**Growth stage:** This is the stage at which consumers know about the product and major focus of the company is to build brand preference and enhance their market. Within this stage quality is maintained

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and additional features can be added to attract number of customers. The main objective of business in this stage is to broaden their customer base and add more distribution channels to fulfil market demands. With this context Volvo is focused to add more distribution channels to enhance their market size of electric motor cars.

**Maturity stage:** This is the stage the product is recognised in the market but have lots of competitors so within this stage primary objective of business is to enhance their profit and differentiate their product from other rivals so as to get distinct market edge. Pricing strategy within this stage is quite low as company is having intense competition with their rivals. In the background of Volvo within this stage as they have so many competitors so they are keeping their product on low price so as to maintain competition and they are continuously focused on product innovation in order to maintain their customer base (Matsumoto and et. al., 2017).

**Decline stage:** This is the stage at which overall sales started to decrease and product started to vanish from the market may be due to change in customers' needs or due to low quality or innovation. Under this stage companies try to innovate their product to save their product or they can decrease its price with huge quantity. In this context Volvo is working to make innovations in their product to keep their product running in the market.

Identify and critically assess other businesses currently linked to the global automotive industry that you think it may not be profitable in the long run to invest in.

Every business is having two aspects when they unleash a market whether the business will be successful, or it will be a failure. There are so many reasons of failure of a business when these aspects are not properly handled then this leads to business failure. Dyson is a British vacuum cleaner manufacturer they decided to manufacture electric cars named Fantastic cars. This venture did not give profits to this renowned company, so they pulled the plug and collapsed its production. The major reasons of failure of these cars are discussed as above:

**Product diversification:** Dyson is a renowned company of vacuum cleaner the company is having sole manufacturing of this product. When they brought a new project in the market then it was radically different for the customers, so it was not easy for them to switch to a car which is made by a vacuum cleaner company. This was the major reason of their failure as they were more focused in proving themselves to be a car manufacturer rather than manufacturing quality cars to enhance its sales and capture market (Hernandez and Pedersen, 2017).

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**High capital cost:** The manufacturing process of car is required high capital investments as Dyson had to face tough competition with other companies such as Tesla, Volkswagen etc. So, it was not easy for them to enter in this industry in low investments. This industry is in the need of high innovation and investments which was not possible by Dyson. Dyson took all these difficulties at secondary level due to which their product failed in the market.

**Lack of market research:** Prior launching of their electric cars Dyson did not do well in their market research. They did not pay high attention on this aspect and invested in this product just by their emotional decisions. Their product was not commercially viable this was due to not putting attention on market research. Due to this aspect Dyson could not perform in prominent manner and lead their project to a collapse (Argente and Yeh, 2018).

**Problems in development process:** A car is manufactured through so many processes and components and these are merged to manufacture high quality cars. In the context of Dyson, they could not arrange high quality components in their cars due to which their car faced problem in development procedure. It was observed that these cars were not commercially viable that means it had some technical defects such as inefficient engine and combustion system. These factors lead the company to back step from their electric car segment and it was failed during initial stage only (Godina and et. al., 2016).

**Porter's value chain:** This is a concept which describes the methods by which a company can add more value of their products within its customers. According to this concept a manufacturing process is having two types of activities which are primary and supportive. A product passes through all the activities and these activities add value to the product which can help the customers to satisfy their needs at prominent manner. The major objective of this chain is to add value to the product and minimise overall cost to earn high profits. In the context of Volvo, they can use value chain in their manufacturing activities so as to bring business efficiency. The primary and supportive activities are elaborated as under:

### **Primary activities:**

1. **Inbound logistics:** This involves relationship with suppliers and all those activities which are involved in procurement of raw materials.
2. **Operations:** These are those activities which are used by Volvo to convert raw material into saleable product which is their cars.

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3. **Outbound logistics:** These are those activities which are used in rendering the product to their customer. Within this context Volvo is using effective channels to distribute their products.
4. **Marketing and sales:** These are the activities which are used by Volvo to encourage potential customer to buy their product.
5. **Service:** These are after sale services which are given by Volvo so as to make their customer satisfied.

### Secondary activities:

1. **Procurements:** These are the methods which are used by Volvo to acquire their inputs and resources.
2. **Human resources management:** These are activities which are used by Volvo to hire and train their employees to get work efficiency in their business.
3. **Technological development:** These are associated with equipment and hardware, software to get technical knowledge to transform inputs into outputs.
4. **Infrastructure:** This includes various department such as accounting, legal, quality etc. within Volvo organisation (Silvia and Krause, 2016).

## **CONCLUSION**

From the above report it can be concluded that business is having immense opportunities to have business growth if all the factors are analysed in appropriate manner. In the path of a product success it is having four stages to cross on. These stages are adapted by business and accordingly strategies are implemented to see their product growing in the market. Whereas to give value to the product activities are bifurcated into two parts which are primary and supportive activities through which business operations are executed and product may react to its success (Eling and Lehmann, 2018).

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