

University of Wales Trinity Saint David

Global Business Environment

Assessment 2

NIO car company

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Executive Summary

The report provided a brief analysis of the basic operations carried out by NIO Company that produced electrical cars in the global market. The basis and logical explanation of their strategies and operations were established by linking the analysis of the life cycle of their products being carried out. Porter's value chain and its features were included and assessed to help NIO fulfil the demands of the market successfully.

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Introduction

The report will cover the relevant aspects of the business environment that are aligned with the production of brand new electric vehicles that are designed by the automation company NIO. NIO designed the brand new Chinese electric cars by aligning with the different transformations being brought about within the global business tasks that are executed in the market (Nio.com. 2020). Relevant models of business and their features will be utilized to good effect to demonstrate the significance of the well-planned strategies and operations that are designed. The phases of the life cycle of the product related to designing the electric cars will be included. Porter's Value Chain analysis will be carried out to assess future alternatives that exist within the market.

“Identification of emerging business opportunities presented by electric cars”

Life cycle associated with a product proves to be an important marketing concept that involves the basic form of steps that the commodity has to pass through starting from the first phase of conceiving the basic idea to the phase when the commodity being designed and produced (Sonnemann *et al.*, 2018). The stages linked with the specific commodity's life cycle are as follows:

“Research & Development”

According to Van Brummelen *et al.*, (2018), the different companies would be able to conduct thorough research and develop effective steps helping to ensure that the research and development of technologies would help in designing the operation in a successful method by linking the different objectives and goals. The mining and commercial aspect related to the supply of minerals helped in designing effective automation technology that produced Chinese electric cars and hybrid electric vehicles within the market. The business opportunity has to be lucrative enough to conduct activities with efficiency.

“Introduction”

In this phase, the newly designed product is produced within the market. The aspect of novelty related to the new commodity becomes the initial driving force that helps to determine the success of the unique commodity in the market.

“Growth”

During the stage of growth, the demand associated with the brand new commodity gets enhanced to a very higher range and the organisational entity has to involve aggressive growth and positive marketing qualities that prove to be beneficial in the market (Wales *et al.*, 2020). The case related to the electric vehicles would prove to be efficient enough for providing quality investments within the automotive industrial sector. As the electrically operated vehicles utilise the batteries that are electrically charged, the different establishments are potential and prospective opportunities linked to designing efficient business tasks in the market.

Different propositions of business operations are as follows:

“Options of Vertical OEM”

The options associated with vertical OEM helps to be a potential activity for the investor that could help to highlight the changes that exist in the automotive sector to bring about considerable improvement in the market by specifying the effective norms and policies (Taglioni and Winkler 2016). Specialised commodities could be manufactured that would be promoted by the help of including other types of brands present in the market. Infrastructure existing for charging of the electric vehicle being found in the open market is a good instance. The technology being utilised in the market proves to be very much important for the company producing electric vehicles for the use of numerous consumers.

“Navigation software and technological apps”

The preliminary phases of growth would involve the specific charging stations because there are no stations that exist for charging the electrical vehicles (Kadri *et al.*, 2020). The specific technology that is used at the charging point has to be suited to the particular category of electric vehicles being designed and produced within the market by successful and proficient integration of the effective strategies and steps that are included. A prospective business opportunity would be established for the different investors who are present in the market by incorporating the basic marketing policies and strategies.

“Charging services”

The designing of vehicles that run on electric energy has been regarded as a novel form of technology that can create chances of conducting business successfully by designing charging stations for the electrically operated vehicles that operate with great benefits within the market. As the modernized methods and concepts of technology become popularised, the demand linked to the sub-stations would be established and the investors would be able to maximize profits by adopting the basic marketing strategies.

“Charging services that are personalised”

As the popularity linked to the electric vehicles gets enhanced, the consumers would possess the preference to install charging points in their own homes that would be convenient for them. Steady market revenue would be generated for the provision of services related to installing the specific charging setups and their maintenance within the society.

“Manufacture and sales related to spare parts”

The entrepreneurs would have a very effective and profitable business venture experience while getting involved in the manufacture and sales linked to the different spare parts of the electric vehicles that are designed and manufactured in the market. As the sales of the different spare parts increased, the demand in the market also got enhanced and the business that was handled globally could keep aside the intense competition going on in the market.

“Maturity”

This stage related to the life cycle of the commodity arises in the market when it has spent a long duration in the market and has acquired the perfect level of popularity in the market. The specific activities of this specific stage are:

Leasing of battery

This can be considered as a specific novel feature that helps to achieve profits for the start-up owners. With the proper growth of the electrical automation company being registered in the market, the base of consumers had grown and profitable growth was achieved. The demand for the battery had grown in the market among the customers who existed. Leasing helped to provide a choice to the different customers which would be helpful once the old battery dies out soon (Madina *et al.*, 2016).

Services linked to mobile repair

With passing time, the designing and production of the different electrically produced vehicles would be enhanced and the repair service is developed and provided in different locations helps them to be mobile enough for smoothly developing the services.

Reselling activity

The popularity of the different electric cars being designed and produced in the market alongside their affordable price rates helped in highlighting the *reselling* franchise option that could be considered to be a promising option for effectively conducting the business.

Decline

This is officially the last phase of the life cycle linked to any commodity that has been designed by effectively incorporating the modernized technological methods. For the different types of electric cars, the *decline* phase can be made more delayed by adopting the brand new methods of technologies that are utilised perfectly.

The life cycle linked to the electrically designed and operated vehicles proves to be effective for the smooth and efficient designing of the operational tasks that are demonstrated methodically. Different chances would be created for the company that designs and produces electric vehicles within the organisational circle to satisfy their target customer base.

“Identification and evaluation of potentially unprofitable propositions of business”

Porter’s value chain model and its application within NIO Company

The varied range of different operational tasks and systems that are associated with conducting the activities of NIO Company are as follows:

Primary activities of NIO Company

The activities falling under this category are involved with producing new products and adopting strategies to sell them to the numerous target customers who avail of the products of the company. Different steps fall under the primary activities being operated by NIO Company. They are as follows:

Inbound logistics

NIO lays its focus upon developing quality and stable networks with their different suppliers as it helps in proper storage and distribution of the varied range of products that exist in the open market. This activity is very important to be followed by the company as proper implementation of it would help in developing problems for receiving raw materials that would hamper the overall production (Hofmann *et al.*, 2018).

Operations

This step incorporates the most complex activities that hold importance for the achievement of the effective targets that are suitable and proficient. Procurement of the raw product occurs and ends with the process of manufacturing in the market. The operations that are of huge importance are the “*machining*”, “*packing*”, “*assembling*” and “*testing*” that helps to achieve the successful targets that are being designed by the management (Buchanan and McCalman 2018). The functions linked to manufacturing and designing are both included under operations.

Activities linked to marketing and sales

Specialized activities are linked to aspects of marketing and sales that help to achieve profits in the market successfully and proficiently (Kireev *et al.*, 2016). Developing a specific sales force and designing advertising campaigns alongside reaching out to different customers through social media channels provide aid in carrying out the marketing activities in a beneficial manner. NIO Company adopts the basic strategies that help them to conduct thorough market research and development to frame the perfect market promotions leading to the growth of the company (Du and Ouyang 2017).

Services

This aspect is involved by the NIO Company by effectively adopting the most prospective strategies that help in developing a good rapport with the consumers who bought their products in the market. These services are utilised in a planned way in the pre and post-sales phases that are included in the market.



Figure 1: Porter's value chain analysis

(Source: Mewannet.blogspot.com.2020)

"Activities of the primary value chain in future"

A very fast shift taking place in the automotive industry due to the rise in the production of electric cars has led to the emergence of a varied range of activities that are linked to the value chain for future purposes. Different types of operations would get modified in their unique way by linking the basic objectives. The steps related to "operations" and "inbound logistics" would also be transformed (Hanelt *et al.*, 2017). Developing the stable channels of procurement would help in using the rare metals namely Cobalt and Nickel to design the electrical cars. The designing and installation of modernised technologies have to be designed to ensure the smooth achievement of the goals that are framed in the market.

The use of Robotics would help in optimising the effective processes in a basic way by adhering to the norms and policies. Sales can also be enhanced by using effective software helping to make the operations productive and achieve the goals being designed by the management of NIO Company.

"Activities of the primary value chain that can be substituted"

Internal combustion engines can be designed and can be used as the basic aspect of the automotive industry and would be substituted. The operational tasks would also be transformed and the most effective practices would be incorporated in a systematic pattern. Automation being included would reduce workforce dependence. The industry producing fossil fuels would be replaced effectively by adhering to the well-planned norms and policies.

“A popular value chain belonging to the specific industry”

The value chain of Tesla can be considered as popular. Tesla is a company in the automotive industry that also produces electrical vehicles in the market. The *inbound logistics* ensure the storage of the different raw products and the steps being made precise helps in the abundance of raw materials always (Hanelt *et al.*, 2017). The *operations section* includes the automotive features that include designing and manufacture of electrical vehicles. The energy is also stored in systems. *The outbound logistics* of the company involves direct delivery of the vehicles to their customers present in the market. *Marketing operations* would involve positive promotional strategies being designed to help in enhancing quality brand image. Awareness linked to the brand would be established by including media from different countries. Although the services of Tesla remain weak still, the management devises effective steps to bring about improvement in their operations.

Conclusion

The report covered the different aspects linked to the business environment that is globally present for the NIO Company that produces Chinese electrical cars within the market in a successful and proficient method. The varied ranges of steps that were involved to adopt and utilise the proficient marketing strategies by NIO Company were established. The life cycle of the products being designed by NIO was explained in a methodical process by including the phases. Porter's value chain model was used and its steps were linked to demonstrate the efficacy of the operations adopted and used by NIO.

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