

LCBB4005 The Global Business Environment

Environmental Analysis of Automobile Industry

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Introduction

Analysis of the internal and external business environment is important to identify the challenges and environmental factors that can significantly affect the business process. By analysing these factors, businesses can better model their business process and efficiently utilize resources to minimize their impact upon the environment (BRINKMAN, 2017). It also helps businesses to handle the challenges and sustain their position in the market. This report is created to analyse the internal and external business environment of Jaguar car. It is a British car manufacturer based in Coventry, England (Jaguar.com, 2022). Starting in 1922, the brand has a long history of transformation and worldwide operation. As a result, it faces various regional and international challenges while conducting its trading activities across various marketers (Jaguar.com, 2022). To analyse its challenges in those markets, the author has used different frameworks such as SWOT, PESTLE, Porter's five forces, Value Chain Model etc.

Challenges from internal and external business environments of Jaguar

Brands have to perform various types of activities to foster their business operation and trading activities across the global and international markets. As a result, brands have to deal with manufacturers that rely on the local and international supply chain, consumer behaviours, strengths and weaknesses of the brand (Fernando, 2011). Some of these factors also help the brands to develop competitive advantages while some factors bring many challenges that can significantly hamper both local and international trading. Like other brands in the automobile industry, Jaguar car also faces challenges in maintaining the supply chain, distributing products across the international market etc. The rest of the part of the report is focused on the challenges that Jaguar car faces in the internal and external business environment. The author also reflected upon the challenges this brand encountered in maintaining its trading activities around the world.

Challenges under the SWOT framework

As the brand faces many challenges while conducting trading activities across the globe, the SWOT can be used to identify the challenges that hamper business growth and trading across the globe. The first and foremost challenge that is the Jaguar car faces in the international arena is the limitation of the product range (Autocar.co.uk, 2022). Though the brand offers several products available to the customers, the number of options is still lower than that of competitors. It narrows down the options of the consumer that influence their consumer behaviour. Besides, the brand is still lacking popularity beyond its base market. It's not so popular in the Japanese and German markets due to the higher number of competitors in those regions. It is a major challenge in expanding customer bases as higher competitors can easily snatch a share of the consumers of Jaguar Car. Also, the brands properly are on the rise in the Chinese and the Indian market which needs to be fostered to increase the market share. The brand is also dependent on the few models that hinder the process of growth. Few models mean fewer options to the customers that have a significant impact on global trade

(CZINKOTA, 2021). If the number is lower and the product is less expensive, the brand can suffer a huge financial backdrop. In the international market, more numbers of automobile brands are being introduced every year supposedly increasing their number of options to the customers (Fernando, 2011). Some of the brands also introduce newer models frequently that significantly impact the growth of Jaguar cars.

More factors bring challenges for the brand both in the internal and external environment. In the international market, it faces strong competition from the company such as Mercedes, Porsche, Aston Martin, Audi, Bentley etc. (Autocar.co.uk, 2022) These brands have a strong position in the market as their operation is focused on the target audience. These brands also have several options available to their customer buses that initiate stiff competition to Jaguar Car. Besides, the world is moving towards efficient technology and zero-carbon initiatives that influencing the automobile industry. The government of different countries also taking measures and environmental policies to minimize the impact of the automobile industry and increase fuel efficiency (Franklin, 2011). These also bring challenges to the brand as developing such facilities and car models require a higher investment that may increase the production cost. If the cost rises, the brand will not be able to grab that increasing number of consumers in the middle-income level markets around the world. This could also be a threat for the brand if it fails to better anticipate the market and take necessary steps at the right time. The brand also faces challenges regarding stability both in the domestic and international markets (Mullen, 2022). Frequent economic contraction and global tragedies can change the consumer purchasing behaviour that may impact the brand's growth policy. For example, the income level and earning ability of the people have decreased significantly during the pandemic. As a result, people become more focused on spending on necessities that inversely affect the purchasing of luxurious items like cars. As a result, sales got decreased which is a challenge for the automobile sector. To ensure smooth production, the brand also has to source raw materials effectively (Wild and Wild, 2019). But the price of raw materials has been on the rise which imposes challenges for the automobile brands like Jaguar cars as an increase in cost also increases the price that may lower the cost and impact upon the growth policy.

Analysis using Porter Five Forces

In this part, analysis will be conducted using Porter's five forces to measure the degree of competition and challenges that Jaguar car faces in the external environment.

Degree of competition: In the automobile sector, the degree of rivalry among competitors is very high due to the increasing number of automobile companies and established popular brands (Statista, 2022). In the market where Jaguar car has an operation, many stronger companies exist that has a higher number of option available to the customers and a strong brand reputation. So, the degree of competition is high for the brand that significantly influences overseas trading.

The threat of new entrants: The threat of new entrants is very high in the automobile sector due to continuous innovation that fosters the automobile sector. As a result, local manufacturers easily enter into the industry and grab the local market share. Also, the industry is fully dependent on the automation that facilitates the quick manufacture of cars (Calabrese, 2012).

The threat of substitutes: The threat of substitutes is lower in the sector as there are few alternatives available to using the car. Though there are many types of vehicles available, each type of vehicle has been particularly made that cannot be replaced by any other time (Calabrese, 2012). There also exist brand value and customer loyalty that stop customers from moving to a few alternatives available.

Bargaining power of suppliers: The bargaining power of suppliers is also low in the sector as there are many suppliers in this industry both in local and international markets. Jaguar car going to easily ensure supplier backend products from the air types of suppliers.

Bargaining power of buyers: In the automobile sector, the bargaining power of buyers is very high due to more brands and options being available to them (Norcliffe, 2015). Customers can easily switch within their budget and preferences as the number of brands available in the sector is very high. For that, buyers have higher bargaining power.

Challenges in the global business process and value chain model

Analysis of the value chain is important as it describes the number of activities a particular brand has to perform to transform raw materials into finished products. several factors work

in this process as each requires lots of effort from various departments to add value and create something useful for the customers (Wäldchen, 2014). Businesses in this era have been facing many challenges regarding adding value to the products and distributing them to the customers. Jaguar car also faces many challenges in this process. The value change starts with the involved logistics including suppliers and contractors of Jaguar car. Relationship with them is crucial to the operation as the supply of basic materials is needed to start manufacturing. Issues like a global pandemic, Price hike of materials, contraction of suppliers due to environmental regulations have imposed various challenges to the automobile sector (Norcliffe, 2015). The operation of the Jaguar car is also dependent on the alliances with other companies as operations require machinery, manpower, logistics that are provided by the alliances (Autocar.co.uk, 2022). After the operation, the Jaguar car requires outbound logistics such as transporters, distribution process to complete the supply line. Issues with different unions and workers' bodies significantly impact the values and process. After that, the brand has to perform marketing activities to introduce the manufactured item to the market (BRINKMAN, 2017). In that case, it has to analyse the customer basis, their behaviour, regional demand to develop a particular product based on that market characteristics. The Jaguar car faces various challenges while conducting marketing activities as the demand of the customers and their preferences vary from market to market. It has to complete the value chain process by providing services to the customers (Calabrese, 2012). It's a challenging process that requires business concentration. Sometimes, the distributors cannot provide necessary services to the buyers that significantly affect customer loyalty and their purchasing behaviour. So, these are the challenges Jaguar car faces in the value chain process.

Competitive advantages of Jaguar

Competitive advantages to the ability to produce something in an efficient way than the competitors. Jaguar car has many competitive advantages due to its existence in the market for a long time. It has strong brand existence in the automobile market. Customers recognize this brand as a luxurious automobile provider with higher customer loyalty (Franklin, 2011). It is also popular for providing quality products within the option available to the customers. It also has a very skilled workforce that helps me to deliver a better product in the market. Recently, the number of sales is increasing very rapidly due to its interception in the Indian

market. As Tata became its parent company, entry into the Indian market would be much easier in the upcoming days (Mullen, 2022). As a result, the brand will be able to produce automobiles at a lower cost and supply it to the customers very conveniently. It also has a strong presence in the market with a higher brand value that made it secure a position in the top 100 brands in the UK (Statista, 2022). Also, the brands properly are on the rise in the Chinese and the Indian market which needs to be fostered to increase the market share. The brand is also dependent on the few models that hinder the process of growth. The brand also invests heavily in research and development minimizes the environment and establish a more environmentally friendly manufacturing process. These help the brand to never loved advantages in the market and to secure a better position by minimizing its negative impact on the environment and to become a trustworthy brand to the customer bases.

Conclusion

From the analysis, it has been found that the Jaguar car faces a lot of challenges while contacting its trading activities around the globe. These challenges from both internal and external environments that significant effort is operation, value chain process, services to the customers etc. The challenges that affect its trading activities are changes in the customer buying pattern, supply of inbound and outbound logistics, relationship with barriers corporate bodies, maintaining cost structure etc. Besides this, it also faces challenges regarding computation as the number of manufacturers has been rising rapidly with the inclusion of technological advancement and innovation. Beside The challenges, it has many strength factors and competitive advantages that provide heat space to implement its bold strategies. These competitive advantages are based on its sustainability and strength factors that support need while handling challenges from the global market.

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