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THE GLOBAL BUSINESS ENVIRONMENT
ASSESSMENT 1



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Introduction

Impermanence is the state or fact of lasting for a limited period of time. With regards to the environment, the business is influenced by numerous internal and external factors.

This paper is an in-depth analysing of the Mercedes-Benz automotive industry utilizing SWOT and Porter's five Forces frameworks to understand the business environment and the competitiveness of the corporation.

How knowledge of the environment can help managers and other stakeholders to make key business decisions despite the everyday challenges, for example, changing environment, globalization, digitalization, regression, inflation, the climate pledge, corruption levels, economic-financial crisis, Covid-19 pandemic.

Mercedes-Benz SWOT & Porters five Forces Analysis

The automotive industry contributes to financial prosperity, offers employment and income for millions of individuals engaged in the field. Daimler is a German multinational automotive engineering company and the parent company of Mercedes-Benz.

Mercedes-Benz's history started in 1886 when engineer Karl Benz designed the world's first vehicle. This invention pioneered a path of innovation and technology which stays with us today. The organisation focuses on the development, production, and sales of vehicles, vans, and services. Moreover, the organisation aspires to be leading in the fields of connectivity, automated driving, and alternative drives with its forward-looking developments.

Mercedes-Benz is perhaps the largest producer of premium passenger cars. In 2019 it sold almost 2.4 million vehicles and more than 438,000 vans. To the organisation, sustainability means creating value for all stakeholders on a lasting basis: clients, employees, investors, partnerships, and society as a whole. The reason for this is the sustainable business procedure of Daimler in which the organisation assumes responsibility for the economic, ecological, and social impacts of its business activities and looks at the entire value chain (Mercedes-Benz, 2020).

The organization is certainly not a large-scale manufacturing industry however is a premium brand with the motto "Best or Nothing". The vehicles are characterised by excellence, wellbeing, extravagance, solace, execution, and style. It is a leading brand in the car industry as to customer satisfaction and loyalty. It is ceaselessly dealing with making its vehicle more ecological friendly through the use of sustainable resources, for example, lithium-ion batteries.

1.1 SWOT Analysis of Mercedes Benz

SWOT Analysis gives a well-tested administration methodology that empowers Mercedes-Benz in contrast with competitors and industry to evaluate its business performance.

The principal objective of the SWOT framework is to help in recognizing the strategies that can be utilized by the firm to build on its strengths, work on its weaknesses while making the most of opportunities and countering threats. Strengths and Weaknesses are internal factors and Opportunities and Threats are external factors.

Strengths of Mercedes-Benz

- Good Brand Image: Mercedes Benz, like Audi or BMW, is a notable brand and the most selling premium vehicle manufacturers worldwide.
- Mercedes-Benz is pleased to sponsor people who share their passion for performance. Mercedes-Benz is glad to cooperate with Laureus Sport for Good Foundation. Since 2000, the non-benefit association plans to improve the lives of disadvantaged children and young people worldwide through social sports projects.
- Mercedes Benz has both bus and car manufacturing in 6 continents and 26 countries, this allows Mercedes-Benz to keep their working cost low and thus raise their profit.
- Daimler is the parent organisation of Mercedes-Benz and has consistently been recognized for its development advance. In the year 1886 Mercedes-Benz developed the internal combustion engine and launched 'pre-safe' innovation in 2013. Mercedes-Benz was focusing on the safety highlights of its vehicle.
- Mercedes-Benz vehicles to be based on Nvidia autonomous driving platform from 2024, with a chip and programming platform that can eventually be used for autonomous driving functions. Consumers have the option to update the vehicle's software the way smartphones are updated nowadays.
- Portfolio of products: Mercedes-Benz has a wide portfolio of products from cars to SUVs which assist them with contending different players on the market.

Weakness of Mercedes-Benz

- A cost is one of the critical which impact the deals of any vehicle. Contrasted with other players from the market, Mercedes-Benz's support costs are high.
- While Mercedes-Benz could extend strongly, it is found to have a moderate development, since it keeps the distribution of its car's elite, affecting its supply and therefore its image value.

Opportunities for Mercedes-Benz

- Increased interest in premium vehicles: the competitors are making high wagers and focusing on developing countries because of expanded interest in the extravagance public system.
- Strategic Alliances: this can end up being a good strategy for car companies. By utilizing the newest capabilities and collaborating with different firms, creating unicity in their offerings.
- Technological headway: creating modern innovation eco-friendly, and mixture vehicles can assist Mercedes-Benz with arising a worldwide market pioneer.

Threats of Mercedes-Benz

- Intense rivalry from different parts in the section: inclusion of players, for example, Audi, BMW, Volvo, and so forth who don't leave any stone unturned to arise as a worldwide player and pioneer in many business sectors.
- Fuel Volatility Prices: at any rate for the traveler segment, changes in fuel costs remain the main factor for its development. Government enactment concerning the utilization of elective fills, for example, CNG.
- Economic Instability: full-scale financial insecurity, downturn, joblessness, and so on are monetary variables that will torment the car business for a long time to come.
- Government Regulations, for example, diminishing worldwide warming by discouraging the usage of a personal vehicle, variances in fuel costs, reducing the validity of road permits, limiting the entry of non-state vehicles are some of the policies/guidelines that have already been enforced in the respective regions of the world and are affecting the sector at large.
- Raw Material: rising the costs of Steel and other raw material may directly impact the assembling cost and deals of Mercedes-Benz.

1.2 Porters five Forces analysis of Mercedes-Benz

Porter's Five Forces model can be utilized to examine the field in which Mercedes-Benz operates, in terms of attractiveness through inherent benefit potential. The data analysed utilizing the framework can be used by essential organizers for Mercedes-Benz to make essential decisions.

The structure of an industry, although it is stable, can change over time. These Porter's five forces are as per the following:

- The threat of New Entrants
- Bargaining Power of Suppliers
- Bargaining Power of Buyers
- The threat of Substitute Products or Services
- Rivalry Among Existing Firms

The threat for new entrants is low, the entry barriers of this industry are very high.

The first is the brand value that the current brands have created over time and delight in, numerous new companies have attempted to contend with the current players, but failed to grab a significant industry share since these brands have created and become an image of prestige and notoriety, clients are not willing to evaluate out new brands.

The economies of scale are genuinely hard to accomplish in the industry in which Mercedes-Benz commits. This makes it simpler for those creating large capacities to have a cost advantage. It also makes production costlier for new participants.

The capital requirements inside the business are high, thus, making it hard for new entrants to set up businesses as high expenditures need to be incurred. Capital use is also upright due to high Research and Development costs.

The government strategies inside the business require exacting licensing and legal requirements to be fulfilled before an organisation can begin selling.

The company focuses on novelty to distinguish its products from that of new entrants. It can spend on marketing to build strong brand identification. This will assist it in withholding its clients rather than losing them to new entrants. Mercedes-Benz can take advantage of the economies of scale it has inside the business, fighting off new entrants with its cost advantage. These variables make the threat of new entrants a weak force for Mercedes-Benz.

The bargaining power of suppliers is low.

Various suppliers are in no situation to bargain or attempt to impact prices. These producers have set exceptionally quality and specifications standards for the raw materials and only select those providers who are willing to consent to these necessities. The providers of Mercedes-Benz include the makes of leather items, wool designers, and vehicle inside electronic gadgets item. The providers don't give a credible threat for forwarding integration into the business in which Mercedes-Benz operates. This makes the bargaining power of suppliers a weaker power inside the business.

The bargaining power of buyers is high.

There is an enormous number of manufactures of luxury authorisms and each offers an alternate product. The client has a variety of brands to choose from, the product differentiation within the business is high, which implies that the buyers are not able to find alternative companies producing a specific product. The organisation can focus on novelty and distinction to pull in more buyers. Product differentiation and quality of goods are important to buyers within the business, and Mercedes-Benz can attract a large number of customers by the center on these.

The vehicles made by different brands contrast in quality, execution, appearance, and cost. The purchasers likewise have simple admittance to data and can think about the different highlights of various brands before making a buy.

Some firms offer clients to customize their cars, such as select dashboard tone, seat leather colour, and other highlights. Nonetheless, in extravagance vehicles, brand loyalty is much higher. Clients are willing to pay extra for a specific brand. Accordingly, the bargaining power of buyers is high against Mercedes-Benz.

The threat of substitutes is medium.

There are not many substitutes accessible for the products that are created in the field in which Mercedes-Benz operates. Luxury and premium automobiles don't fill only the purpose of transportation. They are also an image of status and self-perception progress and accomplishment. The substitute for it is low spending vehicles and different transfer methods, for example, transport or train. However, we simply center around Mercedes-Benz authorism as premium vehicles, their threat of substitution is minor. They are an unquestionable requirement for the rich as it turns out to be even more an image of status.

Mercedes-Benz can focus on the unicity of its products. This will guarantee that purchasers consider it to be one of a kind and don't shift easily to substitute products that do not provide these unique benefits. It can provide such special advantages to its clients by better understanding their requirements through market research and offering what the client's needs.

Competitive rivalry is high for Mercedes-Benz.

The opulence and premium car industry is ultra-competitive. The very few competitors have a large market share. This implies that these will take part in competitive activities to acquire position and become market pioneers.

The rivals of Mercedes-Benz include BMW, Audi, Lexus, Volvo, Jaguar, and Porsche. Their automobiles made by these companies all differ essentially in design, functions, extravagances, and other technical perspectives. Since these authorisms cost a premium, consequently, marketing and communications with potential clients is a significant part of this field to produce a perception of status, acknowledgment, ambition, accomplishment, and success related to owning an extravagance, premium vehicle. In 2015, Mercedes-Benz was the second noteworthy seller unit insightful with more than 1.8 million units sold.

The exit barriers are very high because of huge investments put in (Do, 2014). Subsequently, the competitive rivalry is high for Mercedes-Benz.

Conclusion

My findings show it clearly that the Mercedes-Benz automotive industry is not only one of the top knew and profitable vehicle brands in the world. Also, is a well-trusted car manufacturer and the rankings I have researched through SWOT and Porter's five Forces frameworks demonstrate that Mercedes-Benz deserves to stay amongst the highest-ranked vehicle brands.

Mercedes-Benz has often succeeded in their objectives and continued success has resulted in a good reputation and security for their employee in the field.

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