

# University of Wales Trinity Saint David

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## Business Management

### REPORT

#### “Critical evaluation on Nissan Morots Co. Ltd. Based on SWOT and PESTEL analysis”

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## **1. Introduction:**

In the following report, on the automobile company Nissan Motors Co. Ltd. Will examine the history, values and goals. Will look try SWOT and PESTEL analysis as well as the porters five-forces. In the report we will get much more detailed information on how these analysis are helpful and beneficial for the business, how by doing them yearly and following the points that guarantee you secession. Of course there factors that can not be controlled or changed, but on this topic will be more detailed later on in the report.

## **2. Summary**

How is Nissan Motors performing in recent years, what are the positive and negative results? What is the future of the company, are the SWOT and PESTEL analysis favourable. What ambitions do. What they are managing to overcome challenges in recent years? Nissan is company that trades worldwide in hundreds of countries, even tho they have many years of experience and countries, they are struggling to succeed into the new and undeveloped market of the African countries, what are they planing on doing?

## **3. Nissan Motors:**

### **3.1 Preview:**

(<https://strategicmanagementinsight.com/swot-analyses/nissan-swot-analysis/>)

Nissan Motor Company Ltd. Founded - December 26, 1933. Automotive (Cars, Commercial Vehicles) is the industries that served, worldwide in more than 100 countries. With headquarters in Nishi-ku, Yokohama in Japan. Mission as a company is to provides unique and innovative automotive products and services that deliver superior measurable values to all stakeholders, as company worthy of trust. Nissan being in business and selling worldwide that puts the company in big competitive range with company, such as Ford Motor Company, Honda Motor Company, Hyundai Motor Company, Toyota Motor Corporation, Volkswagen AG and many other automotive companies

### **3.2 Brief history**

With a few different names in the beginning in 1931 become Nissan Motor Company. Nissan was producing trucks and planes for the Japanese army. After the war, Nissan partnered with various automakers to build vehicles for them, including Austin Motor Company in the 1950s and 1960s and a merger with Prince Motor Company in 1966, which introduced vehicles to the Nissan lineup that are still in production to this day. The company started expanding worldwide in the late 1950s, with the market being expanded to Australia, US and England, even Brazil and Chine (in which country is extremely popular with half million units. Sold in2009) A plant was built in England in 1986 and by 2007 produced over 400,000 vehicles per year, which became the highest producing plant in Europe. When we say a company is global, Nissan truly fits the bill because it is everywhere. Nissan serves people belonging to a variety of income classes and they offer many different products ranging from simple cars to SUVs and electric vehicles as well.

“Nissan has been one of the most popular and innovative brands in the world since its inception over 100 years ago. Nissan plans to continue to lead the industry in technology and design excellence for years to come.”

#### 4. What is global business environment:

(<https://www.youtube.com/watch?v=Q1yw7Tchsc8>)

Business environment – The sum or collection of all internal and external factors. These factors affect the function of the company and how company works directly or indirectly. Making analysis of the environment you are going to operate in, will give you a lot of insight and might give you some important information to improve your plan. By doing so helps identify business opportunities, tapping useful resources, assist in planning and improving overall performance, growth a profitability of the business is consisting of three levels:

1. **Macro:** Larger societal forces that affect the Micro environment.
2. **Micro:** The industry in which a company operates and the industry's markets.
3. **Internal:** small forces within the company that affect its ability to serve its customers.

In conclusion the most important thing to keep in mind for the business environment is the following: external and internal factors can influence each other and work together to affect a business .

The environment that business operates in, and the company could be defined as dynamic, complex, uncertain and relative

To analyse competition, to continue learning and the need of direction for growth are few of the reasons to why it is important to study the business environments. (1)

#### 5. SWOT analysis Explanation

(<https://www.youtube.com/watch?v=JXXHqM6RzZQ&t=192s>)

Swot analyse stand for **Strengths, Weakness, Opportunities and Threats**.

SWOT analysis is key part of any business and stratification plan. Strengths and weaknesses are internal factors, and Opportunities And threats are external. This is a way to visualise the pros and cons by clearly outlining them in projects. There are questions and points that need to be followed and answered as follows:

**Strengths** – Critical success factor, give you a competitive advantage, find ways to leverage an build.

**Weakness**- Put you at disadvantage, crucial to identify these early on

Requires candid and detailed analysis

**Opportunities**- Pinpoint opening in marketplace, market actuations and trends, figure out which opportunities are right at this time.

**Threats** - market fluctuations, regulations, public perception, indemnify threats that you can actually counteract based on your strengths and weaknesses.

##### 5.1. SWOT ANALYSIS FOR NISSAN 2020-2021

| Opportunities                                                                                                                                                                | Threats                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"><li>1. Increasing government regulations</li><li>2. Improving U.S. economy</li><li>3. Timing and frequency of new model releases</li></ol> | <ol style="list-style-type: none"><li>1. Increased competition</li><li>2. Rising Japanese Yen exchange rates</li><li>3. Natural disasters</li><li>4. Low fuel prices could negatively impact Leaf sales</li></ol> |

(<https://strategicmanagementinsight.com/swot-analyses/nissan-swot-analysis/>)

| Strengths                                                                                                                                                                                                                                                                                                        | Weaknesses                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"><li>1. Successful Renault-Nissan alliance</li><li>2. Effective R&amp;D spending resulting into the best-selling electric vehicle in the world</li><li>3. Strong presence in the leading and emerging automotive markets</li><li>4. Well-managed company's operations</li></ol> | <ol style="list-style-type: none"><li>1. Poor marketing and advertising capabilities resulting in poor brand awareness</li><li>2. Massive product recalls in the U.S.</li></ol> |

\*taken from strategicmanagementinsight.com

#### 6. PESTEL analysis explanation:

(<https://www.youtube.com/watch?v=bYn4CyL3r5w>)

Pestel analyse stands for **Political, Economical, Social, Technological, Environmental, and Legal**.

Also could come across to it as PEST, STEEPLE, DESREP, SPELIT analysis, but they all mean the same.

What exactly are we looking for in these factors? In **political**- Government policy, political (in)stability, could be corruption, foreign trade or tax policies. **Economic**- That would be growth of economic, exchange rates, inflation rates, Ingres rates, or disposable income of consumers and unemployment's rates. **Social** – population growth rate, age distribution, income levels, careers, health, lifestyle an cultural barriers. **Technological** – technology incentives, level of innovation, automation, technological change, technological awareness. **Environmental** – weather, climate, environmental offered, climate change. **Legal** – discrimination laws, antitrust laws, employment laws, consumers protection laws, copyright, health and safety laws.

These six factors combined are what influence the business and it is what company that already exist but go to Newmarket's, or a new starting company researches where will be most beneficial to be based. . All of the main factors have sub factors that are reasserted to get the whole pictures.

#### 6.1 NISSAN PESTEL ANALYSIS

(<https://pestleanalysis.com/nissan-pestle-analysis/amp/> )

##### Political Factors

Nissan too is no exception to the effects of politics especially because they are a global company serving a multitude of regions.

In 2019, Nissan shifting the production of some vehicle back to Japan from the UK, this happened partly because of the uncertainty that Brexit brought and partly because the diesel market was not doing so well at the time.

Recently they have faced some losses due to which their alliance with Renault is strained.

Previously, Nissan supported the automobile policies administered by Donald Trump in the USA but recently they have denied him any support because they favour Biden's policies which are more tailored around environmental preservation and curbing climate change.

##### Economics Factors

The Covid-19 pandemic has been a huge problem Nissan also, unfortunately, got severely hit by the virus.

Nissan has been facing huge losses. Last fiscal year they reported enormous losses. This year losses are expected to be even greater. They had to shut down their manufacturing plant in Barcelona, Spain in 2020. Their demand also took a hit during the year by a whopping 62% reduction.

Despite being swarmed with issues, they still are nowhere near to giving up. In their fiscal report, they have reported having sold 1,048 thousand vehicles.

So it can be commended that despite the huge blow to the company's profits, they are still not afraid and are trying their best to return the brand to its former glory.

### **Sociocultural Factors**

Because they are such a huge corporation, they have to be very aware of the importance of diversity and culture.

Nissan is notorious for listening to the concerns of all of their employee groups around the world, but the protesters believed that two places were an exception to their acceptance; Mississippi and Tennessee where the majority of the workforce consists of black people.

They also have been known to be associated with Breitbart for their advertising; this company is known to be associated with white nationalist ideas.

### **Technological Factors**

Currently, Nissan is working on what they call "ProPILOT" technology.

What the ProPILOT does is that it kind of optimises your car in terms of the commute needed to be taken, the playlist control, and highway driving. It acts just like a hands-on driving assistant as described by the company.

They are also meddling with formula racing. They have developed technology as a part of the program Nissan Brain, the ultimate idea is to help these racers improve their performance. It can also be an excellent basis for training upcoming racers with the best practices

### **Legal Factors**

The former convicted CEO Carlos Ghosn has gotten the company in a lot of legal troubles.

In this group of investors, many from Britain, Germany, and the US are demanding that the company pay them a total of around ¥34.4 billion which is equal to \$315 million for some compensation of the damages that have been incurred to them. They have filed a proper lawsuit.

### **Environmental Factors**

They may be struggling in some of the other factors but when it comes to environmental efforts for promoting sustainability, Nissan has been doing very impressive work.

Nissan has been releasing an annual sustainability report ever since 2004 because they want to be as transparent as possible with their operations and activities.

In this year's sustainability report, Nissan has highlighted how they plan to ensure complete sustainability for the well-being of the people associated with their supply chain, for achieving carbon neutrality, and for protecting the environment at large from their activities so as to conserve natural resources.

They also have a Nissan Green Program which as the name aptly suggests aims at reducing their impact on the ecosystems. They have ventured into electric vehicles to curb air pollution.

In 2018, their electric car "Leaf" was named as the world's best-selling green car at the New York International Auto Show. It was the first 100% electric vehicle to be a recipient of this award.

This green program is aimed mainly towards keeping our lands, water bodies, and especially the air as clean as possible, because regular cars pollute these resources endlessly.

In the UK, as of 2021, they have invested £1 billion to make a hub for manufacturing electric cars to actually start a proper sustainability ecosystem for vehicles. This initiative will surely help them achieve carbon neutrality much quicker.

If this was not enough, they will also provide a fleet of 100 percent electric vehicles for the upcoming Virgin Money London Marathon as their official automobile supplier. Two of their electric cars namely Leaf and e-NV200 will be used for this purpose.

## 7. Porters five-forces:

(<https://www.youtube.com/watch?v=Dfp23xSgpdK>)

"1979, Micheal Porter, narrow down five forces for the forces, external analysis framework. The main purpose of this model is to evaluate root causes of the profitability in an industry. Very important to differentiate macro with task environment in this case here. As macro environment has factors that affect the company in one way dynamic, on the author hand the task environment had two ways dynamic and are in contact with each other.

**Rivalry among excising competitors, threat of new entrants, threat of substitute product or service, bargaining power of suppliers, bargaining power of buyers are the five forces.** Theirs is connection between competitive forces and profit potential, if one is going up the other is going down. Each of the five forces are able to affect the business both positively and negatively"

## 8. Critical evaluation:

After reading and getting to know both time of annual reports on Nissan Motors, I have come to believe that this is company that will stay on the market as of he leaders in affordable vehicles. Nissan posses extremely transparent policy on sustainability and being green company, which in nowadays is absolutely important to be comparable in market where electric cars are the trend.

The company does have legal issues due to the rotten CEO, but the owners and current managers aren't willing to give up their history, values and ambitions.

Ambition, such as conquering new undeveloped and hard markets as Nigeria. Given that the rival company's are going very close with them in a lot of factors, they are trying to be pioneers in taking new markets that will assure their leading space.

Having competitors so close to you in uncertain times like Covid, Brexit and a lot of other great economic changes, are what keeps your values and focus on point. Motivates to develop new ways to be sustainable, affordable and safe. Even tho that might mean to change. Political sides in certain countries.

In the same country in question, Nissan have had experienced problem with racism, and manufacturing difficulties, what has led the company to minimal if any marker in that country. Despite their chore believe is diversity and culture equality. The company has proven that those are local and single incidents, and that if and when those accrue they are taking all the promotion to end then and there.

Overall Nissan seems to have all the right values to be leading car company, with focus on affordable pricing, great comport and technology. Sustainability is one of their most important values, innovation and conquering new markets, aren't coming across with how safe the cars are and the satisfaction of their customers.

## References:

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