

**ENVIRONMENTAL ANALYSIS OF AN INDUSTRY -
ASSESSMENT 1**

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Introduction

Environmental analysis is a strategic tool used to identify the external and internal component of an organization that affects business performance. In other words, it can be assumed that business environment includes customers, staff, suppliers and creditors for a firm (Gong and Yi, 2018). In the present context, external and internal environment of Volvo Cars is going to analyse. Major forces responsible for affecting business of this car manufacturing firm are also going to explore in this assignment study.

Major forces shaping the business

Changes affect manufacturing process of Volvo car in present and future

In recent decades there has been a gradual **change** in the car manufacturing industry in the UK that has shaped up the car manufacturers to fulfill future demand of customers. It is essential to state that there would be certain future changes like automatic car driving and application of sensors to prevent accidents. The changes took place over the time are as follows:

Recent changes

Electrification of engine:

With the aid of modernization of manufacturing, the car industry in both global and UK context has changed effectively. As stated by Prajogo (2016), for meeting modernize demand of customers, manufacturers have incorporated electric engine in the historic car in order to reduce the traditional energy consumption. In this aspect it has introduced concept to reduce or even eliminate cars fuel costs (Bbc.com, 2019).

Self driving:

There is also a change in the system of driving in the recent car manufacturing. Self driving has introduced that has helped to reduce the energy of users to carry driving process to minimize the Negative outbreak of reckless driving. Drastic reduction of accidents, deaths and injuries; giving access to mobility to minorities and disabled people; boosting the economy; a reduction in traffic congestion and pollution are several advantage (Deasy *et al.* 2016). Bio sensors are attached to it that prevents further accidents. This type of change in driving system affects the manufacturing process of Volvo to introduce their electric car having self driving system like Volvo XC40.

Future change

Changing demand of customers:

In future there will be a change of customers are always lezzy. There is a recent change in the demand of customers. They all the time focuses for time and energy saving demand. For this reason it is necessary to have a change in the system of car (Prospectmagazine.co.uk, 2019). Volvo has incorporated two radar sensors at the front of the vehicle enables the system to judge the distance and users can customize the rate at which the system accelerates.

Autonomous system:

In future there will be change on the autonomous system in the core part of a car. Interactivity of users has also changes while compared to traditional system. As autonomous systems take over, consumers will expect more user interactivity as they travel (Oponeo.co.uk, 2019). Greater user interactivity in the location tract and application of entertainment facilities on car impacts Volvo car to introduce electrification and autonomous.

Application of business model

There are several external and internal business models are present that can help expand role of environment upon the introduction of electric vehicles by Volvo.

International environment Model PESTLE

With the Help of PESTLE, it can be easy to identify the external environmental analysis of Volvo car. The model is as follows:

Factors	Description
Political factor	• Stable and consistent political situation • Strong politics behind the manufacturing sector
Economical factor	• GDP increase by 3.4% • Economic development increased by 2.3% • Brexit effect • 56% of public funding • High rate of employment

Social factor	• Positive intention of car buyers • High education of customers • High income rate (45% in customers hand) • Collaborative social couture
Technological factor	• Modern technology in car manufacturing • Application of disruptive technology • Green production • High communication structure
Legal factor	• Consumer Right Act 2015 • Health and Safety at Work Act 1974 • Average working week of 48 hours
Environmental factor	• Waste management • Waste recycling • Low water consumption • Use of traditional energy sources

Table 1: PESTLE Model

(Source: Developed by author)

Analysis

From the overall PESTLE factor it can be said that **political factor** incorporate quite positive impact on car manufactures in the UK. It aspect can help Volvo car to develop electric engine car in Europe. As stated by Agnihotri *et al.* (2016), customers are the primary aspect for a car manufacturing organization. Stable and consistent political situation and strong politics behind the manufacturing sector affect Volvo car to develop their electric car like Volvo XC40 in UK. **Economic factors** also incorporate positive advantage upon the Volvo car. GDP increased by 3.4% and economic development increased by 2.3% in the UK that has always a positive influence upon the car manufacturing brand Volvo (Volvo.com, 2019). Brexit affect negatively upon the business process of Volvo but high support from customers and their economic

capabilities has helped to introduce change in the manufacturing process. That have incorporated electrical car within the various country regions in the globe including Europe.

Social factors have also positive effect on the Volvo cars manufacturing process of positive intention of car buyers. Higher education of customers has helped manufacturing organization to go for self driving car and its advantages including electrical vehicles. As reported by Saeidi *et al.* (2015), positive intention of car buyers increases the profitability of an organization. Higher education of customers, high income rate (45% in customer's hand) and collaborative social culture helps Volvo to support their new innovation of Volvo XC40 electric engine car.

Technological factors also have a positive influence over the Volvo car manufacturing process. Technology has empowered with the blood of customers. This aspect exerts pressure over car manufacturers to go for internal combustion engine (ICE). As reported by Gong and Yi (2018), modern technology in car manufacturing and application of disruptive technology are of present demand of customers. For achieving green production Volvo has focused on the development of electric engine cars.

Legal factor have quite negative impact upon the Volvo cars business process. Huge numbers of law and legislation in the workplace can decrease the future opportunities of Volvo car to go for more modernized car manufacturing process (Volvo.com, 2019). Average working week of 48 hours though advantageous for the staffs and employees but it can decrease the productivity in future (Belás and Gabčová, 2016). Company cannot meet changed demand of customers under the car Consumer Right Act 2015 and Health and Safety at Work Act 1974 can reduce the business expansion opportunities of organization.

Environmental factors have most suitable influence upon the car manufacturers of Volvo cars. Environmental sustainability does not necessarily attract customer but it helps to reduce the negative impact of business organization upon the environment. Waste management, Waste recycling and low water consumption have the most suitable advantage of upon Volvo to go for internal combustion engine (ICE) car.

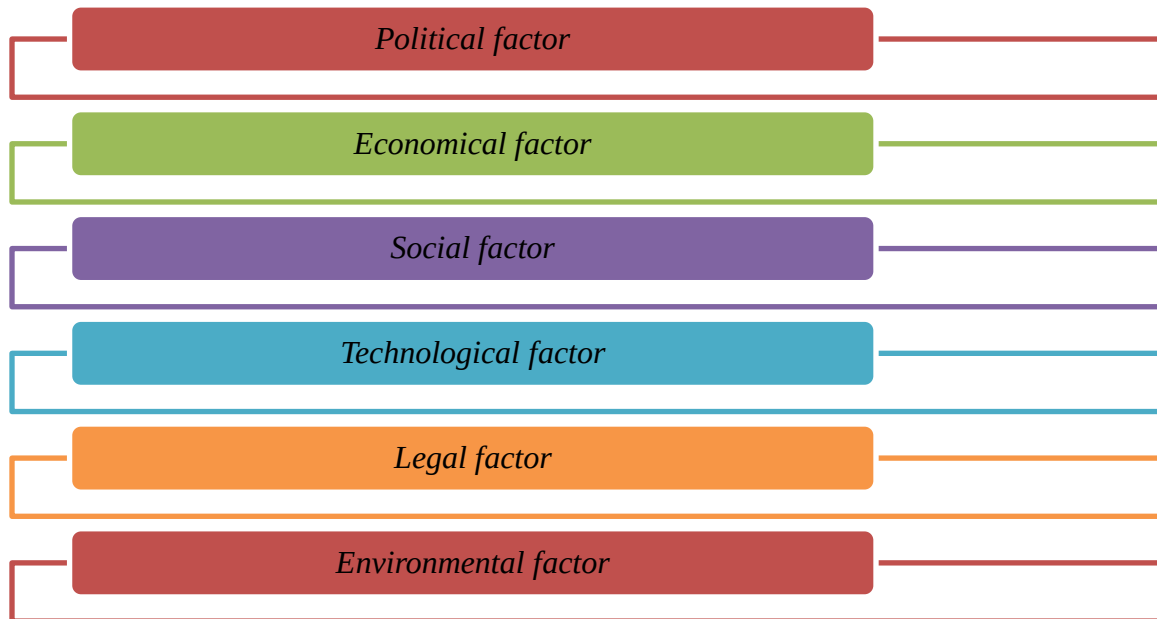


Figure 1: PESTLE factors
(Source: Developed by author)

Competitive analysis

With the help of **porters five force model** competitive environment of Volvo car can be easily identified. Model is as follows:

Development of substitute:

Threat from the development of substitute products is relatively high in case of Volvo in the industry scenario. There are several car manufacturing organizations in the UK that makes self driven and electric engine car like AUDI and Volkswagen that puts pressure over Volvo car.

Power of buyers:

Power of buyers in the UK and also in Europe is very high that can help to support development of ICE car by Volvo. As stated by Belás and Gabčová (2016) high bargaining power increases financial assets of firm.

Power of suppliers:

Supplier's power is very high that could put negative impact upon the Volvo car. Supplier's supplies raw car manufacturing materials like iron, high density plastic and other technological tool.

Rivals:

There are huge numbers of industry players are present in the UK that can reduce the customers.

TATA, Aston martin, Rolls-Royce Motor Cars and Jaguar land rovers are the primary rivals of Volvo cars (Agnihotri *et al.* 2016).

New entry threat:

The entry of new organization is generally low due to present of huge numbers of industry players. In addition to this it becomes important to increase business opportunities by business firm.



Figure 2: Porter's five forces

(Source: Influenced by Belás and Gabčová, 2016)

Emerging business opportunities

There are several business opportunities are associated with the manufacturing and selling of electric cars. Other than manufacturing and selling there are also several opportunities are repent that can be easily presented to the entrepreneurs and business executives. Development of electronic car by Volvo can provide several opportunities to new business entrepreneurs to develop others portals of business. The opportunities are as follows:

Sun Mobility station:

Some electric car development needs change from sun power. Sun Mobility is creating a universal energy infrastructure which offers battery swapping facility to EVs. As stated by Saeidi *et al.* (2015), unlike private vehicles, commercial vehicles like buses, auto-rickshaws and delivery vehicles can't stop for a long time to charge batteries and travel long distances on a daily basis. In this aspect this opportunity can be presented to the business executives and others to explore new business based on development of electric cars needs sun energy. In certain varieties EV cars, sun mobility facilities are also incorporated (Prajogo, 2016). In this case the sun mobility centre can be an effective business opportunity related to the EV.

EV Charging Station:

Most important electrical car related business opportunity is development of common EV charging station. As reported by Gong and Yi (2018), EV charging station can be developed as per the requirement of customers having EV. Organizer of this station can garnish their store with several varieties of battery and charging points as per the needs of EV. Home based charging station and privatized charging station can be developed with the aid of introduction of EV. Business entrepreneurs can also open a corporation EV charging station with legal provision (Deasy *et al.* 2016). This could be beneficial for the new business planner to provide legal charging services to customers having EV.

Electrical workshop:

Development of electrical workshop is another important business opportunities related with EV. This is another important business opportunities related to the EV by car manufacturing business. Electrical vehicle workshop not only helps new business entrepreneurship to develop open opportunities to earn huge numbers of financial resources. But it can also help the organization to repair EV having difficulties after newly adopted. According to Agnihotri *et al.* (2016), workshop helps to display the different advantage and new proposal related to the EV. Thus, this could be another most important business opportunities related to EV.

EV rental services:

This is another important trend associated with development EV. EV rental services can open new business and recruitment opportunities for youths. Business associate and staff can get employment opportunity that could increase the economic power of the country. In addition to this, EV rental service also provides open opportunities for customers to access use of EV (Saeidi *et al.* 2015). On exchanging the EV, organization provides rent can get huge numbers of

financial assets from car renting business. Keeping the environmental sustainability will be the best advantage if using EV cars in the future.

Electric car battery shop:

This is common EV related business opportunities that could be presented to business entrepreneurs and new business starter. As mentioned by Belás and Gabčová (2016), Weekly trips to the gas station to fuel up cars are expensive, especially when the ever-fluctuating price of gasoline is high. EV charging station management and repair would be a profitable business. If number of charging stations increase, the possibility to start and run a complete charging station management is high. Thus electric car battery shop can be developed that opens new business opportunities to business starters (Prajogo, 2016). Electric engine also reduces emission of carbon in the environment and help to maintain environmental sustainability that exerts Volvo to go for it. Based on this aspect electric batter needed for the EV vehicles can recruit huge numbers of staff that could be effective to decrease the unemployment rate in the country.

Electric car servicing garage:

Internal combustion engines are quite different from the electrical car. Thus different outlet and different structures are needed for the servicing process of electrical vehicles. According to Agnihotri *et al.* (2016), Inverter repair and sensor repair are the primary part of repairing the electrical vehicles. Theses all could be a part of servicing garage that could provide employment opportunities to people from technical background.

Home charging station:

This is another most suitable business opportunities for EV development. Home charging station can be most affordable by the customers having EV. Level 1 charger is always available but it is difficult to have level 2 chargers provide fast charging (Saeidi *et al.* 2015). In this case a home service business can be started to provide EV charging facilities to customers having high end EV in their home.

EV handling training centre:

This would be another important business opportunity exerted by EV vehicle development. EV has different service facilities that need huge knowledge. As mentioned by EV renting organization and EV workshop also requires skilled Deasy *et al.* (2016), staffs and employees to handle EV related issue of customers. In this aspect training centre business can be opened by private firm or home firm to provide training to staff wanted to work on the EV related business.

Training centre could be started not only for staff wanted to handle EV related issues. It can also be started to introduce primary concepts about the way of handling the EV specially four wheel EV.

There are several businesses are related with the automotive business like High density plastic manufacturers. High density fiber and plastic are needed for the decoration of attractive sports car and four wheelers. Due to increase in the environment responsibilities of business, this plastic manufacturing business will not be longer to go on. In this aspect they can go for the new business opportunities provided by the EV cars. It would not be easy for that manufacturer to manufacturer sustainable polymer to replace the use of plastic in cars. Thus they would run in loss in future. For taking responsibilities towards environment, it could be effective for new business entrepreneurs to go for several business opportunities delivered by EV. Development of new business like sun mobility charging station can be effective to maintain environmental policy as well as the future generation of high financial assets.

Conclusion

From the overall discussion it can be concluded that recent changes in the demand of customers and technological advancement has impact upon the Volvo to introduce high end technological cars. Volvo XC40 is the primary electrical vehicle having internal combustion engine to maintain the environmental sustainability by reducing carbon emission. Thus it can be said that all the above mentioned changes has affected Volvo car toward “Electric vehicles in Europe” in order to achieve not only innovation but also serve customers with the aid of best possible technologies. In addition to this it can be said that electric vehicles like Volvo XC40 has introduces new business opportunities for new business like EV workshop and Common EV charging station.

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