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NISSAN MOTOR COMPANY

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Introduction

This essay seeks to offer and focus on an in-depth understanding of the electric car industry and will closely examine using the Porters Value Chain to gain competitive advantages over the long term for Nissan Organisation.

In the last decade, many changes have taken place in the automobile industry and global warming is not only the main reason for this change. Worries over air pollution and fuel costs, in 2004, innovative hybrid cars come up in the market as a high-tech, high-fashion, and also it comes like a saver solution for this issue (Hosch, 2005). With a huge environmental impact, the electric cars emanated during a year 38 million tonnes of carbon dioxide, and most of the emissions are resulted from the manufacturing process, in comparison with traditional vehicle.

At a global level, the number of electric cars is in continuing growth, and in 2019 reached 2264 400 units, higher than in 2018. According to the Global EV Outlook (2020), the sales for electric cars were 2.1 million in 2019, and China remained the top market that has 2.3 million vehicles in use, followed by Europe with 1.2 million and US 1.1 million units (Virta, 2020).

One of the biggest and famous automobile manufacturing and electric cars is Nissan, a Japanese company that was founded in 1933. Also, Nissan has coalition Renault, which was an association among Nissan and the French vehicle maker, Renault.

Emphasize on Green-Initiatives, Nissan come up in the market 2010 with the Nissan Leaf, a production of 100% electric, zero-emission, resulting in one of the best-selling electric cars to date (Nissan, 2019). Furthermore, the number of LEAF automobiles sold since 2010 is enough to save 3.8 million barrels of oil per year. It can be seen that they have further plans to improve and develop they electric cars and the example is Nissan Ariya electric SUV, which will be launched in 2021.

Porters value chain of Nissan Motor Company

The nowadays challenges that modern societies are facing, are environmental change and energy supply are increasingly global (Hoffman, 2018). To meet these difficulties, it is necessary for Nissan Motor Company to recognize significant issues at various stages of the value chain and make continuous efforts to address them.

As an enterprise with international performance, Nissan seeks its activities on a similarly worldwide scale, with a value chain that extends throughout the world. The organisation promotes consistency in the procurement practices undertaken throughout the value chain, sharing its vision and principles with business partners and engaging with them to ensure their adoption (Nissan Global, 2019).

Along with its business partners, Nissan aspires to accomplish sustainable growth built on a foundation of mutual trust. The organisation listens carefully to and works with its providers and traders man as equal partners, creating and maintaining cooperative and competitive relations that empower it to implement best practices (Nissan Global, 2017).

Nowadays, the automotive company value chain extends worldwide due to its expanded business interests, a coalition with Renault, Nissan has realized a 20% reduction in purchasing costs. Nissan operates and maintains a database of basic information about its providers globally, like the location of suppliers plants and the total value purchases.

Nissan presents at auto shows held worldwide, involved in manufacturing and supply of high technology parts and components, also is in a continuous improvement, 142.925 employees worldwide (Nissan Global, 2019).

Every enterprise has own particular value in the industry value chain. They always strive to establish and maintain their competitive advantage by one or several links in the value chain. Enterprise activities start from suppliers' raw materials, production and market which are a series of value-added activities. Finally, the sub-vendors send the products to the end-user. In fact, many industry value chains are divided into upper and lower parts by the final product manufacturing enterprises as the centre (Gupta, 2016).

New energy vehicles also include upstream and downstream value chain. The head of the upstream value chain relates to the extraction of the key raw materials. Such as the key material including dysprosium, praseodymium and neodymium for the motor; the battery material includes lithium, praseodymium, neodymium, lanthanum, cobalt, manganese, nickel, cerium; the central chain involves key components includes batteries, electrical machine, electronic control; the tail involves in the manufacture of power systems (Tzimas, 2015). The infrastructure including power facilities must be in the downstream value chain.

In the electric car class category of the industry worldwide, Nissan is a famous brand in this category, with over 275,000 automobiles sold in 2016, mid-December. Nissan is named as the world's top electric plug-in automobiles selling brand. More than 240,000 Nissan Leaf have been sold internationally through September 2016 (Nissan Motor Corporation, 2012).

The value chain analysis for Nissan comprises support activities and also primary activities. Nissan was bureaucratic in the past, nonetheless, after the collision with Renault, this company becomes competitive and efficient because its being running by the combined administration. This union also brought strong and beneficial changes in Human Resources Management, and these changes considered being highly beneficial for the success of Nissan. According to Carlos Ghosn (2019), “commitment” is the word that describes the Renault-Nissan alliance.

Regards innovation, Nissan is creating products in collision with Renault and reaching economies of scale by using alike platforms.

The expense with the production is also lower by using the same manufacturing plant with Renault but is focusing on different trade that is boosting its business in their respective markets. The primary operation of the value chain comes with inbound administration. The partnership needs a way to receive and deposit the raw materials needed to circulate the materials.

By using SyQuest supply chain planning solutions, Nissan is expected to reduce the costs throughout its inbound logistics network. Moreover, with Penske Logistics providing the logistics design administrations and IBM, hardware infrastructure that offers integrated software and services for optimizing the logistics chain. The essential benefits of SynQuest will be in assisting the firm to continuously determine the best way to reduce logistics costs “from product design through vehicle delivery” (Tim Harvey, 2008). Furthermore, the union with Renault has witnessed sufficient reductions in the supply chain costs where Nissan has saved 71.5 million per year for inbound management (Frost and Sullivan, 2008).

The next step of the value chain is operations. Is the process of taking the raw materials from the inbound logistics and manufacturing the product. Nissan’s operation management includes Operation Management Controllers for scheduling in-house production, Material Handling Engineer/ Team who provide world-class operational engineering support, and responsible for inbound coordination such as parts supply to local and other overseas providers. Supply Chain Management (SCM) Logistics Engineers who package design and procurement in automotive coordinations, SCM Controllers for scheduling in-house production and admin officers (Nissan Global, 2019).

Supply Chain Management (SCM) of Nissan ensures all parts arrive at just the right time. It supports the delivery of various product ranges to car traders in the rest of the world in perfect condition.

After the automotive is completed, the next function of the value chain is the outbound logistics where the product leaves the production centre and is dispatched to the different merchants, wholesalers, or end-clients. About 70% of Nissan's finished vehicles in Japan are shipped via ocean (Nissan Global, 2019).

Outside Japan, shipping strategies are chosen to best match the local geographical conditions, for example, moving from truck to rail and boat. At present, Wallenius Wilhelmsen Logistics is for Nissan's largest logistics service provider. The business has been responsible for the overall distribution of completed vehicles for Nissan in the US, Mexico, Canada, and India. The scope of services starts from the end of the assembly line all the way to dealer delivery. The fourth step of the value chain is marketing and sales. This is how consumers learn regarding the product. Nissan's advertising includes developing and implementing media plans which creates brand awareness.

Including mini-vehicles, Nissan sold 56,407 units in Japan, up 6.5% year-on-year. Deals outside of Japan grow by 7.1% year-on-year to 349,674 units e.g. 2013 Nissan North America. The final function of the value chain is the after-sales service. Diverse services from any actual installation are necessary for customer service for handling after the sale of the product. The manufacturer offers a full back up service for all vehicles. All the activities in the value chain create profits for Nissan Motor Company where it will be useful for the organisation in succeeding better than its rivals and furthermore, clients to do a proper analysis when opting to select the best automotive or services.

One of the biggest disadvantage that the energy vehicles (EV) is facing is that there are not enough charging plugs and the consumers are charging them cars at home, but there is not a fast charging. However, the EU Clean Fuel Directive sets an objective and by 2020, 800,000 openly accessible electric vehicles charging stations to be introduced all through Europe. EVs are viewed as high force burdens and they influence the force dissemination framework legitimately; the circulation transformers, links, and breakers are influenced by it the most. A Nissan Leaf with a 24-kWh battery pack can expend power like a solitary European family unit (Un-Noor, et. al., 2017).

One of the fundamental factors that moved the expansion of electric vehicles ubiquity is their commitment to lessening ozone harming substance discharges. Customary interior ignition motor (ICE) vehicles consume powers legitimately and consequently produce hurtful gases, including carbon dioxide and carbon monoxide (Un-Noor, et. al., 2017).

Conclusion

New energy automobile, reducing CO2 emission has become the key decision to address the climate challenge. With the rapid development of the new electric vehicle industry, the value chain in-depth research can help the organisation to identify its location in the value chain, develop the core competencies for competitive advantage. Energy-efficient vehicles are demand is on the rise and clients will be willing to invest upfront for a new car for potential savings on fuel costs. Moreover, the environmental change, fuel costs are in the consumers mind, rising the number of clients on the electric vehicles industry year after year.

Taking everything into account, the organisation cost structure and value proposition are competitive, value chain analysis, and benchmarking determine the company is performing functions are in line with its rivalry.

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