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THE GLOBAL BUSINESS ENVIRONMENT

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ELECTRIC VEHICLES IN EUROPE:

GEARING UP FOR A NEW PHASE

NEW BUSINESS OPPORTUNITIES

PRODUCT LIFE CYCLE AND PORTERS

VALUE CHAIN

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INTRODUCTION

The company operates in the environment which is very growing and active in nature and this involves a lot of opportunities for the company to develop (Kobayashi, Matsumoto and Fukushima, 2018). Thus, for getting success it is very much essential for the company to make sure that the timely research for the different opportunities which are present in the global world for the development of the business. This is essential for the success of the company as if the company will not adapt to these opportunities then the company will become obsolete and will lack in the global competition.

Thus, for this the present report will outline the new and emerging opportunities within the business environment relating to the production and marketing of the electric vehicles. Also, the report will assess the other business in the automotive industry and whether it is profitable to invest in those businesses or not.

MAIN BODY

a. New and emerging trends and business opportunities

Product life cycle

The product life cycle is a model which lists out different stages through which the product or the service needs to go from in order to get success and popular within the market (Guo-hong and Press, 2017). There are many different stages through which the new product or the service and even the existing product or services go in order to get successful in the highly competitive market. There are majorly five different stages which are included in the growth of the product and service within the market.

Development- this is the stage wherein the idea of the product and service of the organization is initiated and then the company takes into consideration the idea and its development in order to manage and develop the new product in reality and bring it among the consumers. At this stage the idea of developing the electric vehicles and decide the way how the

cars will be manufactured and marketed within the market among the consumers (Holzbaur, Ross and Rothrock, 2016). This includes the fact that the company in the car industry has to decide that whether the company will be able to make the electric vehicle as per the requirement or not.

Introduction- this is the stage wherein the company introduces the goods and services within the market and this makes sure that the company is able to introduce the new product and service within the market in useful manner. In this stage the industry will introduce the new concept of electric vehicles to make sure that the consumer likes this. This will make sure that the consumers are given proper and effective details of the features and advantage of using the electric car and how it will save the environment.

Growth- this is the stage wherein the consumer prefers the goods and services and they try to use this for their use. Thus, at this stage the consumer of electric vehicles try the goods and services and if the consumer will like this then this will lead the company on the growth stage (He, Luo and Huang, 2019). This is majorly pertaining to the fact that at the stage of growth the company makes sure that the consumer is attracted towards the use of the electric car and vehicles and this makes sure that the consumer like the concept of electric car so that the concept of this is liked by more of the consumers.

Maturity- this is the maximum stage wherein the company can earn the maximum amount of the profits and popularity for the company (He, Pan and Deng, 2018). This is the last stage wherein the company can earn more of the profit and if the product goes beyond this stage then the company will not be earning any of the profit. At this stage the concept of electric vehicles has gained much popularity and all the consumers like this to a great extent. The car industry is at flourishing stage and the consumers will use the concept of electric car to a great extent. As the latest trend of the consumer is towards the protection of electric car so the latest product of electric vehicle will be liked by the consumer and here the product will be at maturity.

Decline- this is the last stage of the product life cycle as at this stage the product of the company comes to the end that is at the diminishing stage. Hence, at this stage the consumer does not like the product and service of the company or they have got bore with the services of the

product given to the consumers. In this stage the electric car might not be liked by the consumer and this will not be purchased by the consumer more. Hence, the sales of electric car will decline to a great extent and this will be a losing situation for the company. Also, the consumer have used the electric car to a great extent and now they need some innovation and new features in the product and because of this reason the concept of electric car may decline.

The best stage for the concept of electric car is to operate in the stage of the growth and maturity and this is because of the fact that when the company operates in these two stages then this will be beneficial for the company.

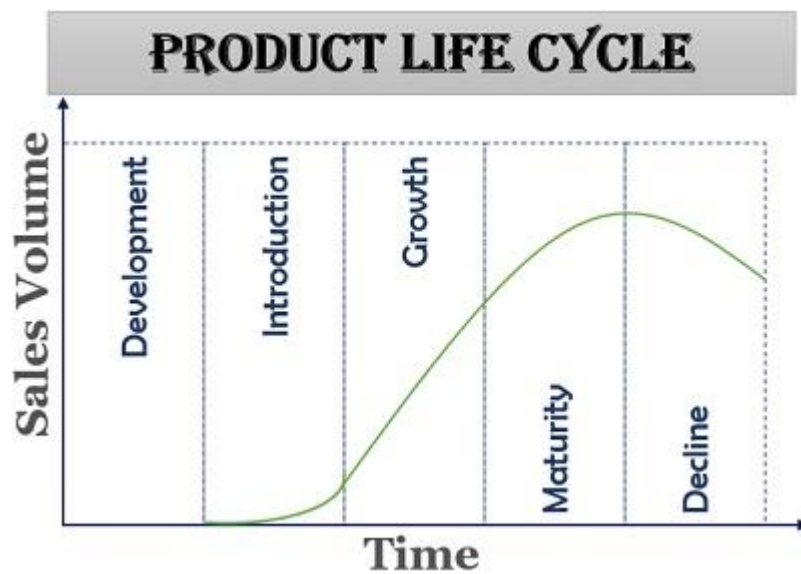


Figure: product life cycle of electric vehicles

(Source: *Product life cycle*. 2019)

- b. Identification and critical assessment of the other businesses currently linked with global automotive industry

Porters value chain

Primary Activity

Inbound logistic: Looking at the inbound logistic of the company it can be said that organization is not having that good inbound logistic to implement varied running of the

business. This will create the variety of the issue for Volvo in the product developing phase of electric car. Also, there are many competitors who are already developing such as Tesla, BMW and Nissan who are producing electric car. This will eventually compose the variety of the issue for the organization to select the supplier for procuring raw material.

Operation: Looking at the operation of Volvo it has been analysed that they used to manufacture different automobile vehicle to be offered to the different consumer in the market by converting the variety of the raw material into end product. After analysing operation of the company it can be said that producing electric car in the market will be very beneficial for the company. As company is having very rich history of using updated and new technology to produce different product. This may help the company in producing more creative electric car in the nation. This will help the company in getting competitive advantage at marketplace in long run. (Amara, Halilem and Traoré, 2016).

Outbound logistic: It is another important primary activity of the organization, outbound logistic generally relates to actions that perform the product to the client by going through different mediators. Looking at the outbound logistic it can be said that company has to analyse and optimize the outbound logistic of the company before launching electric vehicle in the market. As in current scenario company has to see diversity of the issue related to delivery of company product. For the same reason organization has to make sure that different product which are suggested are infirmed and demand swift supply to the end client to have a competitive advantage.

Marketing and Sales: It is another important and primary activity which looking at creating good name of the product in the market. In the case of electric vehicle production, organization has to diversify the marketing activity of the company. In the current scenario company generally promote the different product of the company with local sources such as newspaper and Television advertisement. Organization now has to consider social media platform to promote electric car. As electric car is generally preferred by new generation consumer and

social media platform is the best way to attract them. This will also help the company in seeing good competitive advantage in long run.

Service: It is another primary function of the organization in the market, there is good opportunity in front of the organization to improve the amount of after sales service of the company in the market. As, electric car is new concept for variety of the consumer in the market. So it may happen that consumer used to face variety of the issue after purchasing the same, so it is very important to build good after sales service in the industry. This can be done in the organization by providing different services with help of CRM (Customer relationship management) services in market.

Support Activity

Firm Infrastructure: Volvo is having very strong infrastructure, in which all the functions of the organization are generally performed in the different department structure. All the department used to work together in the company implement various processes in the company. Some of the department are quality management, legal matters handling, and accounting, financing, planning and strategic management. This is very good sign toward producing electric vehicle in the market, as good infrastructure will help the company optimising the value of the whole value chain.

Human Resource management: Human resource management generally look to manage good sort of employee base of the company to deliver dissimilar implementations of institution. Company has to make a point that they used to recruit more technical employee in the organization to performe different operation of organization in related to electric vehicle in the nation. As manufacturing electric vehicle in the organization will bring variety of the changes in the organization. Organization has to recruit employee who can manage this changes effectively (Vardar, 2018).

Technology Development: In the rapidly changing environment toward technology, there is good sort of the opportunity in front of the organization to acquire modern mechanism in the organization to improve the level of production and operation of the company in context of

electric vehicle production in Volvo. This will help Volvo in improving product line of the company and will also help the company in developing more customer friendly product in the market (Koc and Bozdag, 2017).

Procurement: Procurement is the process in which organization used to buy different rough component from the market and convert the same into end product. There are beneficial chances in front of the company to use different technology to find out diversity of varied sources from which different raw material can be procure in the organization. As electric car manufacturing will require organization to procure variety of different raw material to produce innovative operation of the business.

There are many different businesses which are linked with the global automotive industry and these businesses are like the repair shop, different part of the vehicles shop, spare parts, tire manufacturing and selling shop, towing business, different equipment and other automotive related business. It is advisable for Volvo Cars to invest in any of the related business and this will be profitable for the company. This is majorly pertaining to the fact that when the organization will invest in the same or similar type of business then this will increase the working efficiency of the company and this will ultimately increase the profits of the company (Kühnen and Hahn, 2018).

For instance if the company will invest in the spare parts company then if at any time the company is requiring any kind of product then it will not have to purchase it from outside rather they will be having it in under their own control. Thus, this will always be beneficial and advantageous for the company and also profitable for the company. Also, in case if Volvo cars invest the money in the business like vehicle repair business then this will also be beneficial for the company (Jennings, Wu and Terpenney, 2016). This is also beneficial for the company because of the fact that when the consumer will have any problem in the vehicle and its working then this will be solved by the company in the solving of the problem of the consumer. This will be liked by the consumer as their problem has been solved under the company itself. This will also add on to the consideration and popularity of the company as well within the strongly emulative and global environment.

CONCLUSION

In the end it is concluded that the analysis of the market is very important for the researching of the latest opportunity. This is majorly pertaining to the fact that if the organization will not be able to manage the opportunity or adapt to the opportunity then the company will not be successful in this highly competitive world. Thus, the current report outlined the fact that how Porter value chain help the company in analysing the trend going within the industry. Also, with support of the product life cycle stage it was seen that the best stage is the growth and maturity as here the company has to give less effort in the encouragement of the goods and services.

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