

University of Wales Trinity Saint David

Business Management

REPORT

“Impact of the pandemic on automobile industry. Nissan”

Student: Veronika Sekulova

Student ID: 2125630

London

2022

Table of content:

1. Introduction
2. Summary
3. History of Nissan
4. Sales 2021
5. Sales 2020
6. Predictions
7. Sustainability
8. Conclusion

1. Introduction:

In the following report we will examine the influence of the pandemic on the automobile industry, in particular Nissan. We will look in the history of Nissan Motors, where it started, who founded, what challenges had faced during the years and how they have managed to overcome them. Not only to overcome the challenges over the years, but to manage to become worldwide recognized brand and driven cars. One of the few challenges that Nissan has face, and not only, has been the global covid-19 pandemic. How that has changed the world inside and out, and what influence has had on the company we will look at further on this report. In what way is the company forced to implement, what new trends are they following or setting? In the recent years one thing has become clear and more emphasize by the pandemic and it is that how company work has to change.

2. Summary:

We will have close look at the annual sales report for three years back- 2018; 2019; 2020; 2021. That fill focus to show how the sales are transforming with focus the annual report for the year 2020, the year that the pandemic has begun. How that has affected the world, the economic and the sales of Nissan.

Sustainability is one of Nissan biggest assets, considering the environment, the nature and the global effect of the pollutions from the cars. The focus has been shifted to transparency and eco-friendly cars, and environment-friendly manufacture.

From quarterly reports and strategy, to the extreme daily. That is how quickly everything is changing, the fast-past environment is forcing the leaders in Nissan Motors to extreme precautions, to guarantee the worldwide presence and leadership of Nissan.

3. History of Nissan:

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 provide unique and innovative automotive products. 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. It has been one of the most popular and innovative brands in the world since its inception over 100 years ago. (2) They as well had been 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. Nissan started expanding worldwide in the late 1950s, when it realized that the small Datsun would fill a hole in the Australian and US auto markets. Nissan showed cars at the Los Angeles Auto Show in 1958 and then opened a subsidiary in the US in 1960. In the late 90s they have been struggling to establish itself as a global automotive leader, and formed a Renault-Nissan alliance in 1999. In 2015 alone, Nissan sold just 5.4 million units worldwide, while the whole alliance sold 8.4 million units combined. This allowed the alliance to capture 10% worldwide market share and become the 4th largest vehicle manufacturer as a group, in the world.

4. Sales 2021

(3) In the fiscal year 2021, Nissan's global sales volume fell 4.3% from a year earlier 3.88 million vehicles.

In Japan decreased 10.3% to 428 thousand vehicles;

In China sales decreased 5.2% to 1.38 million vehicles

In U.S sales decreased 3.7% to 0.89 million vehicles.

In Europe, including Russia sales fell 13.3% to 340 thousand vehicles..

5. Sales 2020

(8) The company's full-year performance was impacted by the global COVID-19 pandemic which led to a decline in sales volumes, particularly in the first quarter, sales recovered in the following quarters. However, the business climate change continues to be a challenge. In addition to the COVID-19 impact,

external factors including exchange rate fluctuations and semiconductor supply shortages compressed the company's profitability.

“In full-year 2020, global car sales of Nissan were down 22% worldwide, production was 27% lower, while exports from Japan contracted by 39%. In full calendar year 2020, Nissan performed dismally with global car sales and worldwide vehicle production sharply down. While all major car markets were severely affected by Covid, Nissan not only had weaker sales but lost market share in most countries. In 2020, worldwide sales of Nissan cars and commercial vehicles were 22% lower than in 2019 while production slumped by 27%. In 2020, Mexico was the second-largest producer of Nissan cars behind China but ahead of both Japan and the USA. As with most other brands, Nissan performed significantly better towards the end of 2020.”

6. Predictions

(5) The auto industry is facing a volatile business environment in a rapidly changing competitive landscape. Nissan is undergoing a significant transformation with its performance recovery and new corporate governance structure. In this context, the Board of Directors has an important responsibility. Its mission is to enhance management transparency and corporate value in order to optimally serve all shareholders' interests, while considering the rights and interests of minority shareholders.

(6) Nissan M.O.V.E. to 2022 has two missions: one is to achieve steady growth, and the second is to advance the technology and business evolution sweeping the automotive industry. During the first year of the plan, we made steady progress within each mission. In terms of steady growth. One objective of the plan is to increase annual sales by 1 million units by 2022. 4. Influence of the pandemic

7. Sustainability

(9) Nissan has always recognized the critical role that businesses play in society and has seen us determined to play our part. Building on our company DNA and our purpose of driving innovation to enrich people's lives, our goal is to empower mobility and to create social value for all stakeholders through our

longstanding commitment to innovation and our outstanding technological expertise. When we bring together our ESG approach with our unique Nissan mindset, we empower journeys for our customers and for wider society. In doing so, we will create a cleaner world where mobility is completely electrified, a safer world where people taking journeys are protected by innovative technologies, and an inclusive world where people are engaged, healthy and happy.

At Nissan, top management regularly discuss key societal and environmental themes in order to determine which key issues Nissan and all its group companies should address as both a global corporation and an automobile manufacturer, and then ensure that the results are reflected in its sustainability strategy.

(10) Nissan has zero tolerance policy when it comes to human rights abuse. "Statement Policy Rights Human Nissan "the in outlined. They have proven in the past that; they do not tolerate abuse of human rights nor the discrimination at work place. Whenever they are cases of such, action has been taken accordingly to prevent or correct this form of abutment. The company finds that good environment to work is important to their sustainability policy, which is one of their cores believes. The employee labor conditions have been identified as one of their priority areas, that have been undertaking assessments.

Nissan goal is to be carbon neutral by 2050. The respond to climate change is one of the critical issues that must be addressed globally. They are continually to develop fully electric cars. They believe that the company have to work together with the government to reach the ultimate goal, carbon neutral society.

They have developed next generation batteries for the electric cars, that will have longer life spam and shorter recharge time.

8.Conclusion

In a world that is constantly changing, it is only normal and right that after centuries of development to where we are now, is finally time that major company are aiming to become as eco and environmentally friendly as possible. Empact on the climate and nature has every last person and action, but company

that are with mass production, in specific cars. That have enormous impact on the climate, must set the example for everyone else to follow. Electric cars, bio fuel are one of the megatrends in this automobile industry, as car use is rising by the minute.

The effect that covid-19 have had on the industry is undeniable. The sales have gone down in all the major markets as: Japan, China, U.S and Europe. During these couple of unsure and unprecedented years, company have been successful in their research and goal to be as close as possible to be sustainable. Moreover, during these years, has been shown how much exactly are the carbon neutral pollutions level reached, and for few months that has gone down, the air has clear, rivers and oceans. If there was something positive that came from this pandemic, it would be that the use we have for transport has become so excessive that there is no air we can breathe that is clean.

Sustainability is not only about carbon, but about the way they manufacture their products, and how they treat their employees. There have been cases of racism in U.S, but that has been proven to be single cases. Action from part of Nissan has been taken immediately, but yet it has damaged their reputation across the United States. Their transparency and policy is to be proud of. If their factors that could help for company those could be two of the most important one – human rights activist and carbon neutral sustainability. Alongside cars that are combination of comfort and safeness, affordability and great match price – quality.

One of Nissan goal is to conquer the market of developing African countries, such as Nigeria. It is new and difficult market, considering their stage, usages of current cars.

If Nissan moves their manufacturing process to those countries, what will help their development and better the standard of life, it will be easier to sell them the products.

In current state, Nissan Motors, is undergoing change of directions, while facing few legal challenges, including the one for the ex-CEO of the company. History is showing that Nissan is company that had faced few challenges along the way, change of names, focus of production, but have manage to overcome them and be successful. Their main goal has been to create car that are innovative. The company has struggled to become worldwide recognized and to be selling vehicle in the majors' markets, but they found their way. In recent days with

Covid-19, with losing money, with lawsuits for money laundering and ambitions to go to new continent, countries and new ways of productions, Nissan looks to be having their plates full, with major decisions to be taken and executed.

In conclusion Nissan Motors are aiming in the right direction, with sustainability and goals for better future of the planet.

References:

1. <https://strategicmanagementinsight.com/swot-analyses/nissan-swot-analysis/>
2. <https://www.nissanofcanton.com/dealer-info/history-of-nissan>
3. <https://www.nissan-global.com/EN/IR/FINANCE/GLOBALSALES/>
4. <https://www.best-selling-cars.com/brands/2020-full-year-global-nissan-worldwide-car-sales-production-and-exports/>
5. https://www.nissan-global.com/EN/DOCUMENT/PDF/AR/2019/AR19_E_All.pdf
6. https://www.nissan-global.com/EN/DOCUMENT/PDF/AR/2018/AR18_E_All.pdf
7. <https://strategicmanagementinsight.com/swot-analyses/nissan-swot-analysis/>
8. <https://global.nissannews.com/en/releases/release-11ab174ab769fa2ed73d795e253f5a19-210511-01-e>
9. <https://www.nissan-global.com/EN/SUSTAINABILITY/>
10. https://www.nissan-global.com/EN/SUSTAINABILITY/LIBRARY/SR/2021/ASSETS/PDF/SR21_E_All.pdf