

GLOBAL BUSINESS ENVIRONMENT

Environmental Analysis of an industry

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Lecture name: Amare Desta

Student name: Svetlin Pavlov

Student number: 1814104

“Electric vehicles in Europe”: gearing up for a new phase?

Europe is popularly known as the hub of electric vehicles because it ranks the top among the producers of motor cars around the world. Vaughan (2017) has pointed out the fact that the constantly evolving automotive industry contributes the highest to the European economy. Interestingly, the car industry in Europe sprawls across the entire region and has significantly raised the level of profit and prosperity of this particular industry. The European automotive industry is filled with top class vehicular companies that are engaged in designing and manufacturing, selling and marketing along with development and new innovations. In this context, Volvo Cars, a Sweden based luxury vehicular company, takes a greater leap than other competitors in the automotive industry by its adoption of electrification and thus, it is likely to release in the global market electric cars. The analysts of this particular industry are of the opinion that with this declaration, the automobile company moves a step ahead to incorporate electrification to make it customer and environment friendly.

The Europe based automotive business organisations conduct multiple operations in diversifying environment. It is interesting to note that a number of factors and forces are fundamentally responsible to shape the business environment. Nykvist and Nilsson (2015) have opined that the factors tend to influence the decision making process of the automotive companies. The Volvo Cars, in this context, is likely to be influence by political, economic, social, technological, environmental and legal factors to shape its business environment. All the six factors lay a wider influence on the business environment and business operations of the Volvo Cars that operates its financial as well as manufacturing operations.

Political	Economic
– High expenditure in the infrastructure and electrification process of the cars contributes towards boosting the sales. – Government taking initiatives to promote electrification of public transportation.	– Constant fluctuation in the prices of the crude oil. – Enhancing initiatives for facilitating transportation that results in financial growth.

Social	Technological
- Inclination of general public towards environment friendly vehicles and even resorting to public transportation. - Rise of awareness among the general population about other alternatives. - Importance given to the safety norms and low cost involved in maintenance.	Electrification of cars and other vehicles in place of Internal Combustion Engine (ICE).

Legal	Environment
Regulations related to emissions from cars and other heavy vehicles.	Upholding sustainability.

Porter's five forces also play a major role in determining the factors that shape the business environment of the famous automobile car organisation, Volvo Cars. The automobile manufacturer is influenced by the following factors that involve:

- The presence of rivalry among the leading players of the automotive industry.

Volvo Cars, the Swedish automobile manufacturer, encounters a challenging situation to have sustainable amount of profits when an intensely high competitive pressure exists.

- The suppliers and their bargaining power

Gustavsson (2017) have stated that when suppliers exercise high bargaining power then the possibility to derive more prices from an organisation is higher. This statement holds true for Volvo Cars that eventually influences the potential of the car manufacturing organisation for the purpose of maintaining profit above the average level.

- Threats from the new players in the automobile manufacturing industry

Uhlemann (2016) has opined that in the automobile industry, the competitive pressure is remarkably high due to the entrance of the new players. These well equipped automobile organisations pose a serious threat to the Swedish car manufacturer and in such situations, Volvo Cars willingly accept lower amount of profits to impede threats.

- The buyers and their bargaining power.

In the words of Hoekstra *et al.* (2017), the bargaining power of the buyers is meant to solely benefit them. Now, when the buyers of Volvo cars exercise high level of bargaining power then the overall sustainable gains of the automobile organisation is negatively impacted.

- Threat of the alternatives

At a time, when the automobile industry and the market is infested with favourable alternatives, it becomes imperative for the Sweden based automobile manufacturing company to channelize a major part of its investment to the Research and Development team.

The automobile industry of Europe has experienced a challenging times in the 1990s whose ramification continued for a considerable span. Olsson *et al.* (2017) have pointed out that with the progress of science and technology, the Research and Development teams of the leading automobile players have increasingly focused on incorporating new techniques that would prove to be beneficial not only for the organisations but also for the customers as well as the environment. It is an established fact that emissions from the automobiles lay a negative impact on the external environment and this aspect has been a primary focus for the market players over the years. The gloomy environment of the automobile industry has not been successful to impede the motor industry to make a considerable contribution to the European economy.

The automotive industry in the current times has entered an experimental and exciting phase that embraced technology to its core. The new trends adopted by the automobile industry are electrification of the vehicles that is exactly rolled out by Volvo Cars. Over the years, the older versions of the car are replaced with modern forms of technology that is characterised by its

eco-friendly nature as well as scopes of saving substantial amount of money. Denton (2018) has noted that new, innovative options have even poured in the industry by the inclusion of hybrid, electric, low emission level based cars. It is quite natural that to make way for the new changes, the old models of the cars need to be substituted. The evolution and wider acceptance of electric cars have favoured more saving and accordingly, it tends to cut down the possibility of carbon footprint.

The basic motive that the leading automobile car of Sweden, Volvo has adopted is adapting to the new changes by constant evolution or else complete retreat from the competitive market landscape. Gabriel-Buenaventura and Azzopardi (2015) have mentioned that on the grounds of this motto, the Swedish automobile manufacturer has chalked out the future plans and the major necessary changes that the organisation is likely to undertake in the next few years. These new changes may be in terms of electric cars or subscription service or other automobile vehicles that Volvo has taken into consideration. The leading automaker has estimated that in the coming years, electrification of the cars in place of the internal combustion engine will prove to be successful enough to extract nearly half of its total revenue. It is interesting to note that the future estimates of Volvo suggest that the subscription services are likely to be half of the total customer vehicles and one third of the total count of vehicles the company would sell is likely to be autonomous.

All the upcoming changes of Volvo Cars in Europe pave the way for transforming the relationship between the customers and the organisation, itself. Santos and Davies (2019) have given an explanation stating that the automaker has set a target to develop five million consumers bonding by the year 2020 that opens up opportunities of revenue. With time, the expectations of the customers have continuously changed that implies Volvo Cars should incorporate all the necessary modifications to satisfy the consumers. The future plans are likely to bring a major transformation to Volvo from a car manufacturer to a direct provider of consumer services. This ensures that the rate of growth of the Volvo Cars in Europe will remain conspicuously fast till the mid of the coming decade. However, since 2010, the automobile manufacturing company has witnessed major transformation into an internationally recognised premium car manufacturer who initiated the concept of electrification. Currently, the time has approached when the transformation has to be attained in terms of profit gains. This marks one of the latest declarations of the Volvo Cars.

The recent times have witnessed that the acceptance of electric cars has shoot up among the global populace for certain concerning factors. In accordance to the views of Linder (2016), the overall effects of these external factors have summed up over the years that has strongly driven the automotive industry to roll out alternatives, in which electric cars tops the list. Volvo Cars in Europe has become the leading automobile manufacturer to design electric cars for the purpose of resolving the issues and set new consumer and eco-friendly trends. Electric cars or the cars that operate on batteries significantly contribute towards cutting down a higher percentage of environmental pollution that the normal fuel based cars fail to do. These cars are designed in a manner that they simply do not depend on diesel and petroleum, thereby, reducing the emissions of greenhouse gases. Naturally, electric cars come with a number of ecological advantages in comparison to the cars running on internal combustion engine. Another feature of the electric cars that serves as an important driving force is its low maintenance as well as operating costs. According to Fagerlönner *et al.* (2018), the use and widespread acceptance of electric cars facilitates a reduction of tailpipe pollutants, namely, soot, hydrocarbons, organic compounds that are organic in nature, lead, carbon monoxide, ozone and different forms of nitrogen oxides. The electric cars contribute towards reducing the emission level of carbon monoxide and carbon dioxide in the atmosphere. It is interesting to note that the amount of emission of carbon dioxide completely depends upon the intensity of the sources of power that are involved in charging the vehicle. Plug in hybrids are likely to prove more beneficial when functioning in the all electric based mode. It is for this very purpose that the leading automobile manufacturer in this industry such as Volvo Cars in Europe has taken initiatives to cope up with these driving forces. The ground for introducing the electrification of cars is established by these factors that eventually triggered Volvo Cars to take measures in this particular direction. The automobile manufacturer has ascertained the fact that electrification of cars is the next target for all the leading players in this industry and market.

The production and marketing of electric cars tend to evolve greater business opportunities that escalate the overall standard of the automobile industry. Volvo Cars, the leading manufacturer of cars in Europe, has taken into consideration all the immediate factors to create business opportunities for marketing and manufacturing multiple numbers of electric cars for the purpose of convincing the entrepreneurs and the business executives. One of the crucial factors that necessarily influence the production of the electric cars and its manufacturing is eco-friendly attribute of the cars. The electric cars are designed and manufactured in a manner that it is charged by batteries such that the cars neither consumes fuel- petrol or diesel, or pollute

the environment on a larger scale. Consequently, the environment remains cleaner because the emission of harmful greenhouses gases such as carbon dioxide, carbon monoxide, ozone, lead is greatly reduced. This particular reason becomes a driving force for the global population to become more inclined towards purchasing electric cars.

Furthermore, from the perspective of business opportunities, Racherla and Waight (2017) have explained that the electric cars are beneficial to preserve the non-renewable and natural resources as well. The depletion of natural resources is caused due to its excessive use over the years. The process of electrification of cars is likely to play a major role in saving the consumption of the natural resources. The non-renewable resources have been subjected to major exhaustion and over usage in the last centuries. As a result, the leading manufacturers of various automobile in this particular industry have accentuated on finding new alternatives to cut down the usage of the natural resources. It is, indeed, for this purpose that Volvo Cars has stepped in to change the scenario prevailing in the automobile industry.

It is also important to note that electric cars are featured not just with those upgraded tools that save fuel and non-renewable resources but also directed towards giving an improved speed and infrastructure based cars. Andersson (2017) have opined that such factors tend to grab the attention of the entrepreneurs and the business executives. The advanced techniques used in electric cars promote lower consumption of non renewable sources along with offering impressive speed to the customers.

In this context, another emerging opportunity that the marketing and manufacturing of electric cars are likely to provide the business executives and entrepreneurs is the low manufacturing cost. The companies that have been actively involved in the process of designing are benefitted due to the cheaper manufacturing cost. The immediate consequence of this measure undertaken by the car manufacturers are low market cost that significantly paves the way for the consumers to purchase the electric cars. In the words of Baur and Gan (2018), the affordable rates of the electric cars due to the lost cost involved in the designing and manufacturing process contribute towards its widespread acceptance and purchase. The demand of the electric cars has been accordingly pushed up due to the wide range of benefits the cars offer.

In the high competitive business scenario of the automobile industry, it is imperative for all the businesses to adapt with the changing environment along with coping up with the changes

introduced in the market. The rate of competitive pressure from the leading players of the concerning market is so high that the other businesses need to improvise their business strategies to remain in the competition. Volvo Cars, in this context, has taken a major leap in the European market to secure maximum attention from all the sections of the society across the continent and the world. Becker (2017) has mentioned that the global population, in today's time, is far ahead to grasp useful information that significantly guide them to make the wise and right choices comparing a number of factors such as prices, benefits, attractive features and others. The Swedish based car manufacturing company stands far ahead than the rest of the businesses, which are not well equipped to cope up with the radical steps undertaken by the former. The businesses in the automotive industry that are still involved in launching normal fuel based cars will naturally become an outcast from the competitive market space because the consumers are currently seeking eco-friendly vehicles. Furthermore, the diesel or petrol based cars have high production cost that naturally pushes up the overall cost of the car in the market. These businesses producing diesel based cars are not appropriate for future investment.

Thus, in conclusion it can be stated that the automobile industry in Europe is experiencing significant changes in the last few years that have eventually impacted on the level of employment, as well. The scope of job opportunities has shot up with the constant modification of the car designing and manufacturing process. The car industry in Europe has managed to contribute maximum to the economy due to its constant evolution. The increase in levels of the different features of the cars along with innovations is catered by the employment of the skilled workers who facilitate to drive the evolution process. In the due course of time, the evolution has reached a level where premium automotive organisation such as Volvo Cars has planned to introduce a change from internal combustion engine (ICE) to electrification of the cars. With 2019, Volvo steps into the domain of electrifying the automobiles.

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