

Module: Global Business environment

LCBB 4005

New business opportunities and product life cycle of
electric vehicles

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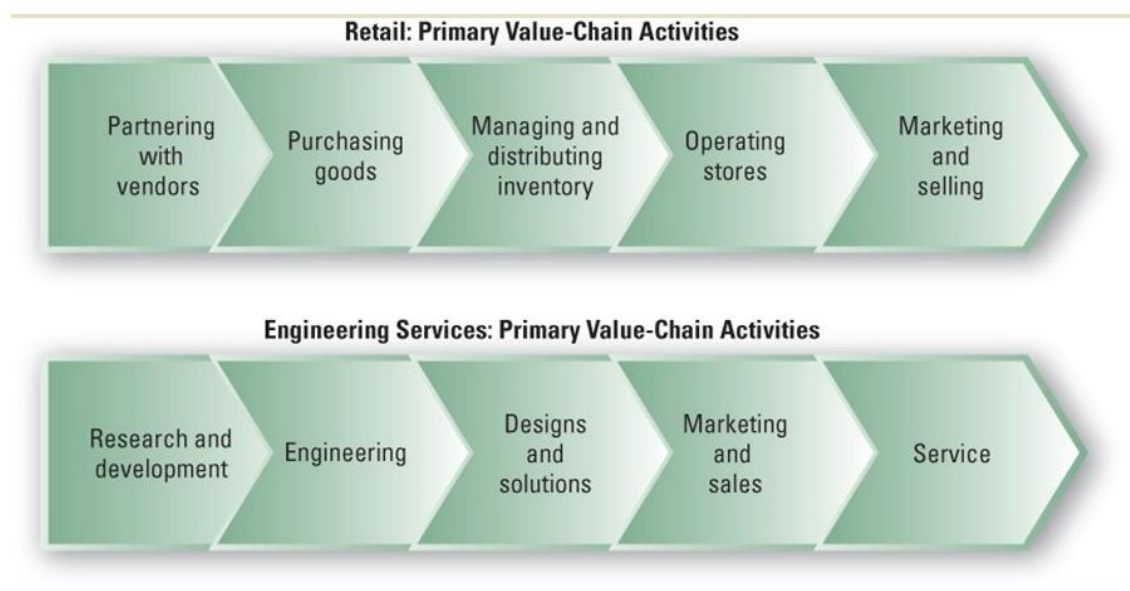
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INTRODUCTION

With today's changing world, demand and needs of people are always changing at rapid level. Electric vehicles are introduced by many firms and Multinational Corporations with new ideas, thoughts and technology to fulfil people's desires. First and foremost, electric cars will help us tackle the very thing that is threatening the world -global warming. Electric vehicles play a major role in bettering air quality and less noise pollution. This essay includes Porter Value Chain Analysis, Product Life Cycle and brief about the electric vehicles.

Porter Value Chain Analysis



Source: Google images

Porter Value Chain Analysis is a tool or framework used by a firm which specifies all the activities related to production and delivery of business. It is time consuming process and requires high level of knowledge as well as expertise to understand the concept and draw the chain in a correct manner. This is mostly used when decision is to be taken in the car industry. It is a responsibility of the manager to understand all the functions as well as operations of this analysis so that decision making related to this chain is done in an appropriate manner. For instance Tesla- they use the value chain analysis so that their goals as well as objectives

are achieved in an appropriate way. Therefore, through this weak and strong spot of the firm is analysed precisely. This is also used as a competitive advantage by Tesla to compete with rivals and competitors effectively. Moreover, expertise needs to present when this chain is prepared or implemented in organisation. There are many competitors of Tesla such as BMW, Mercedes Benz, Toyota and Audi (Lugtu, 2019).

To overcome the competition and uncertain situations in the market this value chain is used at a wider scale in business. Further, different types of industries used this framework according to their management as well as to take structure and decisions accordingly. In this manpower and resources are used at a larger scale so that it is understood by everyone in the company with an easier manner. Once the improvement areas are found in the section, efficiency of operation and business is increased in a better way. This results in higher productivity and more profitability. Electric vehicles industry is developing and using new technologies at broader as well as wider level. Accordingly, an appropriate market research is required to conduct all business activities and value chain. This chain includes primary activities such as research and development, engineering, design, solution, marketing, sales and services (Dudovskiy, 2018). These activities assist the company to deal with improvement areas in the right manner. If these activities are not conducted properly than it is likely that conflicts as well as errors arise. Furthermore to avoid issues and challenges it is necessary to be well aware about functions and have knowledge about the same with depth.

This value chain analysis start from acquisition of raw materials and ends up with final delivery of products, goods and services. Thus, manager needs to be updated about the problems and issues occurring in parts of primary activities. In relevance with Tesla, all employees are well managed as well as skilled and handle all the problems or difficult situations in an effective way. It is a systematic process which is to be adopted in the correct manner.

Primary activities

Research and development (R&D) - The first aspect of primary activity is Research and Development (R&D) department of companies. It is the process of business in which new ideas and technology are introduced within the firm. At this stage, huge capital, manpower and resources are applied to get the result in effective way. For instance Tesla company- it is investing huge amount of capital in their Research and Development (R&D) department for growth and development of firm as well as business. Main objective of the

department is to introduce new or improvised technology into the market (Kiesha, 2018).

Engineering- The engineering aspects in which functional analysis, evaluation, development phase and presentation phase are involved. This is the most crucial stage of the value chain analysis, because in this evaluation and development of raw materials, products are done. In case of Tesla- they use the engineering in such way that all functions and activities work properly. It is essential so that errors do not arise in future and everything performs smoothly as well as effectively.

Design and solution- The design and solution phase of primary activity in which products, technology design and solution of problems related with those are determined and evaluated. Tesla for instance focuses on design and solution of their products and equipment's so that customer receives the total satisfaction at a larger scale. To use this effectively Tesla use a prototype and when the final decisions are made, then the actual product is presented (Gafarov, 2019).

Marketing and sales- Each and every firm focuses on their marketing as well as sales department to make product sale increased and to enhance the productivity level of business. In this, delivery, transportation, product sold units is included. It is important part of business because without selling of the product and marketing it to consumers, it is difficult to increase the productivity of the organisation. In relevance with Tesla, their way of doing marketing and sales is different from their rivals because in 2008 Elon Musk created a commercial advert and launches their Roadster car into space which makes a history. Thus, though marketing and sales final delivered products are used and consumed in a correct way.

Service- At last, it is crucial for business to give service or say after sales service in better way to develop the relationship between the customer and the firm. Without a service it is not possible for any organisation to interact with customers in consistently. In relevance with Tesla, they provide good service to their customers, this helps them in increasing goodwill of entity and management (Dana, 2018).

After a brief analysis of above matter it is stated that to run the business smoothly and effectively Porter value chain analysis is necessary so that strategy and decisions are taken in appropriate manner. This assists business in dealing with conflicts and problems and taking measures accordingly.

New business opportunities

In business it is important to find and look for new opportunities so that new the market share is acquired by the company at a larger level. It is the duty of the manager to track as well as monitor such opportunities which benefit the business and increase the productivity for a longer period of time. To do this, firms use strategies and tactics like differentiation focus, cost focus. With implementation of these strategies it becomes easy for the company to identify business opportunities and adopt them in an effective manner. Market is wider and becoming more advanced so enterprise need to be more active towards emerging trends as well as changing the demand of people. In relevance with Tesla, they also have opportunities for their business such as they deliver less expensive cars for example (model S) affordable eclectic vehicles used by many customers with good numbers. Hence, Tesla has the opportunity to expand their product line market so that they can target small and medium markets also. Moreover, another opportunity for them is that they can introduce pickup trucks in U.S market with high rise and demand. This is the reason why Tesla Cyber truck is mostly used by clients. Moreover, to effectively use these opportunities entity has to be more advanced and ahead from their rivals as well as competitors (Ghez, 2019).

Business to be discontinued

Not every business is able to run for a longer period of time. The market is uncertain and is unpredictable which means that problems and issues can arise at any time in the future. Therefore, for a longer sustain period of time, for instance Tesla needs to discontinued the solar panel business because of its huge loss in 2019. Not all products of the company are profitable and produce sales. The manager of the enterprise should use effective measures so that non-profitable products come into existence and start functioning more effectively. Thus, cost and time is also saved when such business which are dimmed into losses are removed or discontinued from the business. Hence, by discontinuing the solar panel business Tesla may invest that amount in its other businesses (Nesti, 2018).

Product Life Cycle

Product life cycle is a systematic process of product and is used by organization with motive of deciding when and how to take decision regarding the constructing or reconstructing of a product. It is basically scattered into four aspects which are introduction, growth, maturity and decline. All these stages are a part of Product Life Cycle and assist enterprise to take effective decisions. In relation with Tesla, the company also uses Product Life Cycle to look into the decision making process of product efficiently.

Introduction- It is the first aspect in which products are introduced into the market to an audience. In this stage, products and marketing are tested as well as the sale of product which is done at a wider scale. For example- in 2008 Tesla introduces and launches the first Tesla roadster. Main motive of firm in introduction is to create awareness of product in the market. Netflix is another generic example which in its earlier years used to sell DVD's rental but with changing time it introduced the application (Dana, 2018).

Product life cycle	Introduction	Growth	Maturity	Decline
Audience	Early Adopters	Mainstream	Later Adopter	Laggards
Market	Small	Growing	Large	Contracting
Sales	Low	High	Raftering	Moderate
Competition	Low	Moderate	High	Moderate
Business focus	Awareness	Market share	Customer retention	Transition
Design focus	Tuning	Scaling	Support	Transition

Source: Google images

The above picture shows the Tesla Product Life Cycle

Growth Stage- Further in the second aspect which is growth product which has been introduced comes into the market and wish to acquire larger market share and growth. This is done via maintaining and managing the quality of product as well as providing with additional features to the public/ audience. For example- Netflix when launched provides good subscription package and a free month trial for first time users. This increases the number of users on steam and more offers were introduced with changing time period (Hoelzlhammer, 2018).

Maturity stage- This is the stage in which sales of products start decreasing mainly due to substitutes or high rise in competition. Every organisation passes through this and it becomes difficult for them to survive in the market. In context to Tesla, they are at growth stage because of model S is raising in U.S which has increased the sale of product at a rapid scale. If apply to Netflix, they are at maturity stage because of availability of other online streaming applications such as Amazon prime video, Voot, Hot star Disney plus (Scaramuzzo, 2017).

Decline stage- Last aspect is decline stage in which business and products declines gradually decreases in the market. At this, the company have the following options which adopted such as maintaining the low sale product, discontinue of the product. In relevance with Netflix it is in the maturity place however last year in 2019 sale of steam was declining and this enforces Netflix to change their subscription plans (Gafarov, 2019).

After a brief analysis of above matter it is stated that Product life cycle is essential and needs to be adopted by entities so that decisions regarding the product and business are taken effectively and properly. Through this process, it becomes easy to determine and evaluate the performance as well as progress level of enterprise. Thus, high level of expertise and skills are to be used before going through Product life cycle. Furthermore, it also means that the organisation is able to prevent itself from uncertain situation of the market and can use effective measures in an appropriate manner.

Explain how green an Electric Vehicle is in current and future prospective

Time is changing at a rapid degree and new technology is taking place in the market. In today's world, cars have become a necessity for the people. By considering the high rise in demand and needs of consumers many automobile industries are introducing Electric Vehicles so that people need not have to pay for the fuel and also to save the environment from being getting polluted (Xiao, 2019). In relation with Tesla, their Roadster has enough lithium battery power to run across 244 miles on a single charge. Lithium batteries are mostly used because of their high energy per unit mass. Electric vehicles are green because lithium batteries are used inside them and use of petrol or diesel is avoided which are harmful for the environment and are avoided by many people (Thornhill, 2019).

In future perspective, new batteries and portable products are to be introduced by entity so that it becomes easy for people to charge their vehicles with limited time. For example- Kia e- Soul is an affordable electric car but the charging time of that car is too much. Therefore, to counter the market and customer needs the firm needs to be more advanced as well as use innovative technology tools and ideas.

After a brief analysis of above matter it is stated that electric vehicles are to be used in a correct manner so that customers do not get exhausted. With proper research and innovation it is possible to produce more efficient electric cars with affordable process. Moreover, the electric vehicle is green and protects the environment from getting polluted (Simatupang, 2017).

CONCLUSION

After a brief analysis of the above essay it is concluded that electric vehicles are beneficial for the environment as well as customers. With the help of advanced technology, it is possible to use tools and machines to produce more electric vehicles in the market at affordable prices. In this competitive era, it is essential to be ahead from rivals and competitors by implementing strategies as well tactics in the business. Furthermore new approaches are to be used by the manager of the organisation so that entity survives in the market for a longer period of time.

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