

Module title: The Global Business Environment

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

Context:

Volvo Cars, the premium carmaker, has announced that as part of its strategy marking the historic end of cars that only have an internal combustion engine (ICE) and to place electrification at the core of its future business, every Volvo it launches from 2019 will have an electric motor. According to several analysts, the announcement represented one of the most significant moves by any carmaker to embrace electrification and highlighted how over a century after the invention of the internal combustion engine, electrification is paving the way for a new chapter in automotive history. According to Håkan Samuelsson, President and Chief Executive of Volvo “This is about the customer, people increasingly demand electrified cars and we want to respond to our customers’ current and future needs. You can now pick and choose whichever electrified Volvo you wish.”

a) Using the information above and other information in the article supplied to you titled “Electric vehicles in Europe: gearing up for a new phase?”, explain the major forces shaping the business environment of the car manufacturing industry. In your analysis, you should explain how the industry has changed in the last few years. Also, provide a critical assessment of the organisational and other changes that may take place in the future and the reasons for such changes. Specifically discuss the reasons why there is a drive towards the production of electric cars and link this to the changes that have already taken place in this industry as firms try to position themselves to gain a competitive advantage.

b) Apart from the production and selling of electric cars, identify new and emerging business opportunities that the production and marketing of electric cars may present to entrepreneurs and business executives. In your discussions, identify and critically assess other businesses currently linked to the global automotive industry that you think it may not be profitable in the long run to invest on.

Introduction

There were some significant changes which took place in the automotive industry after the first ever car was invented in society. After the diminished dominance of the United States in the 20th century, the trade in the industry was separated to various other countries which had similar contributions. They had their own strengths and weaknesses and this influenced their trade status in different ways. Technology was also and still is a great contributor to the trade and it directly impacted the innovative development in the automotive industry as well as the quality of diesel, the development and improvement of electric cars and other types of vehicles and so on. Additionally to this, technology has helped to make the market for vehicle manufacturing a lot more diversified and alternated many of the available options for purchasers. Going back to trade as a last point, this in its own way has helped to improve the internal environment of the businesses in the automotive market and many of the cars would not be accessible to the general public today without the assistance of trade practices.

There are some significant for the automotive industry locations such as Brazil, China and Bharat as a part of the BRIC group. Those countries have a massive share in the industrial market place and their share continues to grow every year. However, there are indeed some factors which have begun to change the direction of the automotive industry. Those are processes and actions such as consideration of environmental issues and common global predicaments which the world faces. It is a common knowledge that a great amount of the pollution found in the atmosphere is as a result of the vehicles which are utilized by the rising population every day. The car business organizations can no longer postpone the issues relate to their vehicle production and they need to address them accordingly – preferably for the majority of the world by increased present production of electric vehicles and eventually having them as the main mean of production.

Part A:

The major forces shaping the business environment of the car manufacturing industry

There are many factors involved with the running and the general state of every automotive company which has a significant proportion of the market. Some examples may include the governmental legislation and the regulations involved in the place where the automotive business has been established. Volvo Cars, for example, has been established in Sweden and it has had a relatively stable growth due to the good political and economic state of the country. Apart from legislation, there are other factors such as existing competitors and value of stability. There is always an increase in the competition in the vehicle market, who will offer a better

vehicle with more included extra supplies, a better value chain or a more respected footprint on the environment (Robinet, 2014). Although such competitive streak is the norm in this business environment specifically, there are still a great number of changes which make competition an unpredictable factor.

The processing department in the automotive business such as Volvo Cars continuously observes the trends in order to discover ways in which production can be more profitable and less costly. The standard has always been to maximise the amount earned in the form of net profit and revenue for any company. Volvo Cars is a successful vehicle producer so far in time and has had very profitable and likeable models sold to the general public. It is the vehicle models which make an important statement of the company and what it does – it is what the market platform requires from car manufacturers.

Speaking of manufacturing, there has been some substantial changes found in this section of companies like Volvo Cars and many more. For instance, now it is possible to make a car for slightly more than ten to twenty hours and include all of the extras which are promised in the official offer of the car on the media platforms. This is crucial to the development and growth of any automotive company due to the fact this can mean that the demand is completely covered even in critical situations when it seems impossible to have a fast production. This can also mean more cars and introduced in a shorter span of time. The current time which it takes for a normal car to be produced is around 18 hours and the time may continue to decline.

Western Europe has had some significant observations made in the last few years in the automotive industry. As well as this region, other places such as Canada and Australia have undergone what is known as product capacity elimination. This has occurred due to economic welfare issues or fluctuations. As a result of those, the job opportunities available to the general public may be completely removed and the existing employment rate to drop. Four million units is what the total decline in production is for the countries – this is an important ramification. The government along the automotive industry is under pressure to resolve those predicaments. They offer incentives and such to maintain the good state of the facilities and avoid losing the footprint.

How the industry has changed in the last few years

Despite the rising current issues which will dramatically change the industry, there were already some substantial changes present for many vehicle manufacturers. Those were concerned with remodelling (Bharadwaj, 2018). The competition has increased and as in the previous section, the production time has decreased by a significant amount. Generally, the businesses in the automotive sector were in a worsening form five years ago. The numerous political and economic disruptions such as the 2009 accident in Wall Street has a more prominent effect on the businesses back then than they do now. Employment and profit making are in a better shape today as opposed to in the past, as an additional acknowledgement

(McKinsey&Company, 2019). There was a less focus on sustainability but as opposed to this, there was a great attention paid to the invention of autonomous driving technology embodied in a growing number of cars. This today is not a great priority although it is stated that eventually automatic driving will be a standard requirement for all cars across the production hall of the businesses.

The organisational and other changes that may take place in the future and the reasons for such changes

The overall state of the economy and the political balance in most countries across the globe seem to shape a promising future for the automotive industry. However, in the past three years in particular, macro factors and negative influencers –such as oil value hikes, growing concern about the emission of greenhouse emission into the atmosphere (the main causes of the greenhouse effect and international warming) and, especially, the main focus on technological innovations in complementary sectors to the automotive business (in explicit, the significant advances in battery technologies) – have made this promising future seem a lot more unobtainable, and has encouraged the development of new opportunities and threat resolving (Enrietti and Partucco, 2011).

Nonetheless, a various number of other more minor issues will be resolved which are linked to technological alternatives to benefit the economy and its effectiveness over the globe. This includes battery technology which is still in its development due to problems with stability and such. However, the late development has given some promising results for the batteries and as well as that the implications related to the official release of more electric cars – in this regard Volvo Cars is involved.

value of the electric car batteries apparently remains as too high in a comparative fashion to traditional automotive batteries. This requires more investment, both private and public, which ensures that there is proper financing to finalise the development of the electric car battery and implementing this into live vehicles. Focus of the scientific development generally needs to improve as well, according to Mansor (2017). Neither ought to we discount the competition from technologies different to the electrical automotive, starting with innovations to the standard combustion engine.

The changes that have already taken place in this industry

Perhaps, the greatest and most significant modification which took place in the automotive industry was of AEB which stands for Autonomous Emergency Braking. Nowadays, this is a standardised requirement for the cars which are sold on the market, however, it was not that long ago when it was not developed and applied to the automotive system. The safety regulation behind this successful vehicle feature has enabled cars to use measuring instrument, camera and technology to assess the measurements of the road ahead alongside estimating potential collisions. These systems typically inform the motive force that action is required to avoid a future

collision, and so if no action is taken, AEB can break on behalf of the motive force (Kirkland, 2019).

Part B:

New and emerging business opportunities that the production and marketing of electric cars may present to entrepreneurs and business executives

One of the factors which will result in the rising of electric car production is going to be the supply of eV charger. The additional eV chargers, additional electrical quality property, therefore additional EVs are sold-out to market. supported IHS, world eV charging stations to skyrocket by 2020.

IHS Automotive forecasts the worldwide eV charging stations installation is anticipated to grow over twelve.7 million in 2020. the info discovered that increasing readying of eV charger in future may translate to stronger demand for the ability – thence an honest business chance. Plus, it can be thought-about as a awfully low capital business. But, most of the general public eV chargers obtainable nowadays are provided for ‘FREE’. a number of the chargers are indictable, however it's going to not be enticing to the eV users if they will move to the opposite near public charger and obtain the electrical juice without charge (AltEnergyMag, 2019).

Another factor is Self-driving systems. An automotive adjustive controller is associate example of a system with a in-built stop and go perform. It takes the collaboration of thirty management units to investigate the encircling atmosphere of the vehicle. The controller regulates the speed consistent with the space between the driver's automobile and also the vehicle ahead all the method from zero to a hundred and fifty five mph.

Two measuring device sensors at the front of the vehicle modify the system to guage the space and users will customise the speed at that the system accelerates. The system is sort of restricted with regards to fastness. Such controller systems are capable of proactive supporting drivers however they aren't fully autonomous.

Other businesses currently linked to the global automotive industry that you think it may not be profitable in the long run to invest on

The first company which could fail is Fisker. Fisker's 1st breakthrough at being a premier manufacturer of range-extended electron volt cars was nothing wanting a failure. The destiny looked wonderful, was super snug, and had the performance to match the massive 3 luxury brands, however Fisker's management wasn't attentive enough to handle return a sponsored government loan, thereby resulting in its ultimate bankruptcy (Escobar, 2019).

The Wanxiang cluster snapped up the corporate at a discount and secures to re-release the destiny. It conjointly secure to continue with the company's planned growth. Whereas the new destiny has however to arrive, it's virtually a dead ringer for the first model.

The other company which can fail is Genesis. The ink on the handout asserting Hyundai's new luxury complete, Genesis, remains drying, and that i am already locution this is often a large risk for failure. Whereas Hyundai has gotten away with building a lot of premium cars, just like the Genesis Sedan and mammal genus, neither has oversubscribed significantly well.

Conclusion

Although the last fifty years have seen advances within the automotive business, any new technologies and producing changes have occurred comparatively slowly across similar platforms, undertaken by similar firms. However, this appearance set to vary with the advance of electrical vehicles increasing in pace, not only for traveller cars however across the full transport business.

As electrification becomes thought, there are varieties of ground-breaking changes all happening directly. These changes aren't simply technological, as electrical vehicles move to switch combustion engines, however additionally impact possession models as automotive ownership becomes less aspirational and totally autonomous vehicles move nearer to changing into a reality. Indeed, ARM estimate that driverless cars can replace current vehicles by 2027.

The impact of electrical cars on the automotive trade has been slow thus far, however as energy climbs higher on the list of priorities for governments and voters, the shift is also additional fulminant than we have a tendency to expect. A shift in perspective is already occurring among Americans, and because the threat of global climate change becomes additional real, we have a tendency to are doubtless to visualize even additional changes occur within the automotive trade. These transformative shifts can hopefully result in cleaner air and a healthier atmosphere for future generations

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