

The Global Business Environment

UWTSD

New business opportunities and product life cycle

Assessment 2

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INTRODUCTION

Market of the electric vehicle is increasing day by day in the any European countries. Currently many people are like to use electric vehicles in their daily life. According to many market researchers, electric vehicle market has very bright future, because currently governments within many countries are banning fuel (petrol and diesel) vehicles in their authorised areas to protect reduce the pollution. Nowadays, fuel vehicles become very harmful for our natural environment, because these vehicles release very dirty smoke and gases which too bad for existing nature. Currently many automotive companies are shifting their mind to produce or develop electric cars. This report discusses product life cycle and porter's value chain for electric vehicles in Europe. There are some major factors which can affect business environment of Volvo cars also has been included in this report. Volvo cars are a popular Swedish luxury vehicles manufacturing industry which currently provides electric cars also in various market segments.

Product Life Cycle

A product is not produced a company or business for forever selling, because businesses knows that a product always reaches its maturity and decline stages. Top-level management within most companies uses product life cycle tool for analysing different stages of their products and services (Haakana et.al., 2018). In this situation, the Volvo cars also able to know different life cycle stages of its electric vehicles with the support of product life cycle tool. On the other side, existing management of this company need to consider 4Ps of marketing mix strategy in each stage, because this strategy will support to company for giving favourable price, place, promotion to its electric vehicle in all stages. Generally, there are four stages have included within the life cycle of a product. These four stages of product life cycle have been discussed below;

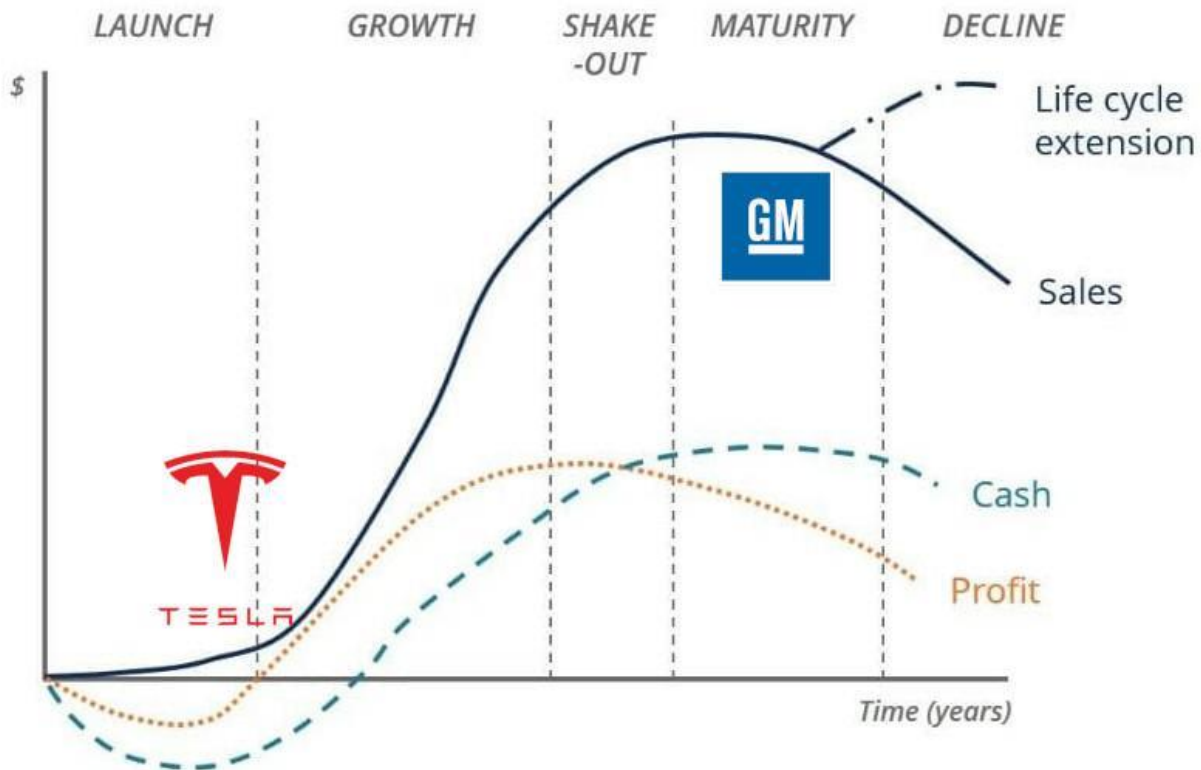


Image: <https://seekingalpha.com/article/>

Introduction stage

This is the first stage within product life cycle where Volvo cars need to introduce its new electric vehicles to customers in European market. Basically this the initial stage of its electric car in various market segments. In this stage, inform and aware people about own new electric vehicle in European market is the main task to top-level management of Volvo cars. The company has highly required to consider 4Ps of marketing mix in this introduction stage, because this marketing mix strategy will help to company for increasing its electric vehicles sales in initial stage (Bubeck, Tomaschek and Fahl, 2016). These 4Ps of marketing mix are as follows;

- **Product:** In the product element of marketing mix strategy, a company has required choose a product for launching it in the selected market segment. Currently, the management of Volvo cars has chosen electric car for launching it in European market.

- **Pricing:** According to pricing element, Volvo has required to provide favourable and customer friendly price to its electric car in its introduction stage, because this is the only way to company for boosting its sales aspect in product's initial stage.
- **Place:** Currently the company has decoded launch its product in European market. According to management, nowadays people shows their interest in European market for buying an electric car, so this market place is favourable to the company.
- **Promotion:** In the introduction stage, marketing team of Volvo cars needs to be more active in its job role for highly promoting its electric car in different market segments of Europe. Marketing team should create some informative and fancy advertisement to properly introduce own new product in European market.

Growth stage

In the growth stage, Volvo cars highly need to conduct different effective and productive promotional activities for boosting sales aspect of its particular product. By following concept of growth stage, company will be able to gain large market share within electric vehicle industry of European continent (Fritz, Plötz and Funke, 2019). Top-level management of company should use 4Ps of marketing mix in this stage as well.

- **Product:** In the growth stage, existing management should only focus on maintaining extra-ordinary and excellent quality of its product. Otherwise, it can't easily deal with existing market competition.
- **Pricing:** Volvo cars should use competitive pricing strategy in this growth stage for making its sales ratio higher than existing competitors.
- **Place:** The company need to focus on make its distribution channel more strong for easily reaching its electric vehicle within each market place of Europe.
- **Promotion:** Promotion is the most important aspect within growth stage of product, in which marketing team company should run different innovative marketing campaigns in all European market segments. This step within growth stage will really grow sales ratio of Volvo's electric car.

Maturity stage

This is the stage where, product reach its full maturity. In this maturity stage, company no need to expend huge fund for promoting its electric vehicle within Europe (Nykvist, Sprei, and Nilsson, 2019). The 4Ps of marketing mix in maturity stage are as follows;

- **Product:** The company should start focusing developing updated version of existing product. It is necessary step for always leading the electric vehicle market.
- **Pricing:** Volvo should offer lower prices to their customers because of new competitors. The management need to decrease price of own product, because company will be able to easily sell its rest electric vehicle.
- **Place:** Volvo should maintain effectiveness within its distribution channel to sell it's all rest cars by providing them in different market places of Europe.
- **Promotion:** In the maturity stage of product, company no need to run lots of marketing campaigns in various market places.

Decline stage

Decline is the final stage of product, where Volvo's electric vehicle will be reaching the end or final stage of its life. In this stage, company need to choose other product to stays in the market.

- **Product:** In the decline stage, company need to take various steps towards replacing existing product with the new generation product.
- **Pricing:** The company should offer the lowest price to customers on its electric vehicle in European market.
- **Place:** In this stage, Volvo has required to replace its existing product in all market places with new version of electric vehicle.
- **Promotion:** Promotion is required only for showing existence of its product in decline stage.

Generally, these are main four stages of product life cycle (Nilsson and Nykvist, 2016). Top-level management of Volvo cars has highly required to consider these all stages in its business operations for gaining huge profit from its electric vehicle in Europe.

“Volvo Cars is constantly working to minimise the impact of our products on our planet and human health. We have made an industry leading commitment to electrification that from 2019 all newly launched Volvo cars will be electrified.”(Volvo Car Group – Annual Report 2018) In recent years, Volvo has stepped up its environmental analysis. The company performs life cycle analyzes of all their models and continuously refines their methods. The Volvo report says they are firmly convinced of electrification and put electric cars at the centre of their future. Volvo vision is – 50% of sales to be fully electric by 2025.(Volvo Car Group,2018)

Porter’s Value Chain

Porter’s value chain mainly focuses on systems, like; how company’s inputs will be changed into outputs. Basically, this value chain model is introduced by Michael Porter in 1985. Mr. Porter has described a productive chain of different activities in his value chain model. He divided all activities into primary and support activities. In this situation, top-level management at Volvo cars has highly required to follow these all primary and support of activities for gaining very high profit through its electric vehicle in European market. These all major activities of Porter’s value chain have been discussed below. (Porter M.E.2001)

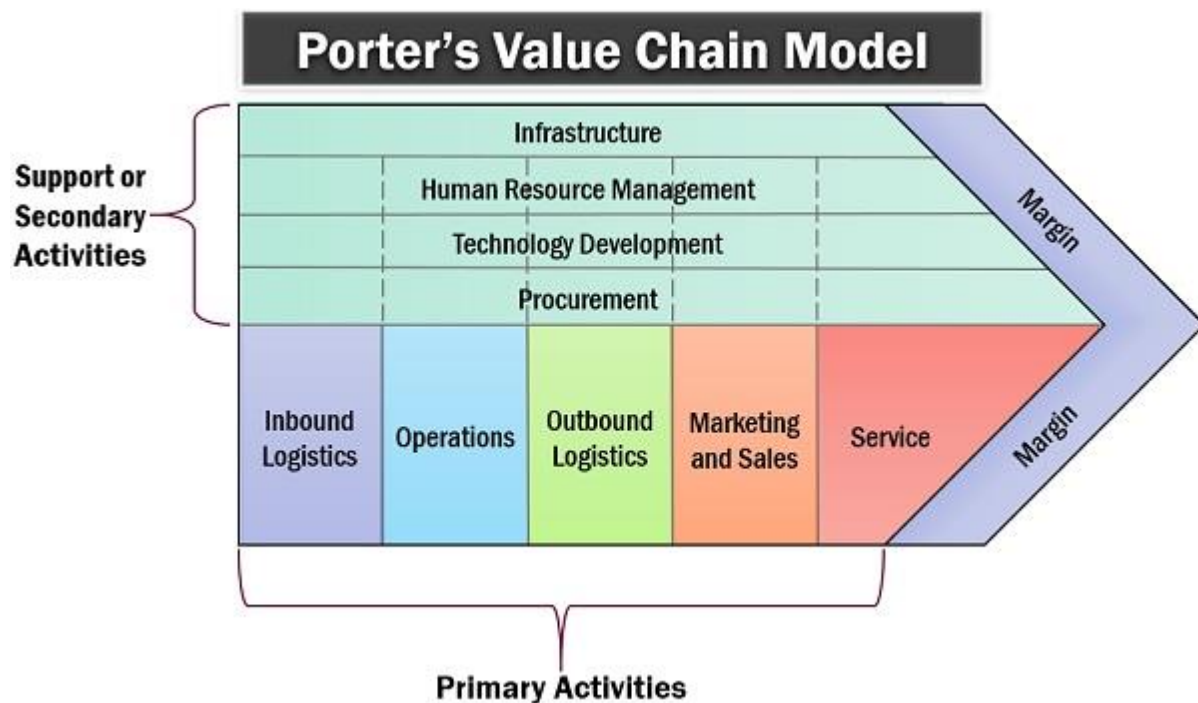


Image: <https://theinvestorsbook.com/porters-value-chain.html>

Primary Activities

1. **Inbound logistics:** This is one of prime activities to the Volvo cars (Santos and Davies, 2019). The management of company mainly responsible to build an effective relationship with its suppliers for always receiving required raw-material, other goods etc. on time.
2. **Operations:** Company need to run it's all operations for transforming its inputs into outputs (Electric vehicle)
3. **Outbound logistics:** In these activities, Volvo will be required to distribute its electric vehicles in different market places of Europe.
4. **Marketing and sales:** Volvo needs to conduct marketing and sales activities for informing people about own new product in various European market segments.
5. **Service:** In service activity, company should provide maintenance services to its buyers after delivered and sold its electric vehicle.

Support Activities

1. **Procurement:** In this supporting activity, top-level management of company should take various steps for acquiring different inputs and resources for improving existing performance in the market.
2. **Human resource management:** Human resources management (HRM) of company should run different activities for providing training sessions to their existing employees or workforce, because company is highly required skilled and talented employees in its business environment for increasing its sales ratio.
3. **Technological development:** Technological development is too necessary for the company to always lead the electric vehicle industry of Europe.
4. **Infrastructure:** The management of Volvo need to properly consider different factors (finance, accounting, legal, planning etc.) for building its infrastructure stronger in its respective industry (Schimeczek, Özdemir and Schmid, 2016). This activity is too necessary for the company for gaining huge competitive advantage in the European market.

Changes in the Industry

Electric car industry has highly changed in the last few years, because day by day people are getting understand value of an electric car. In the initial stage, electric car manufacturing companies was faced huge challenges because on that time people was completely depends on the fuel cars, and they don't want to choose an electric car in the replacement of fuel car. However finally, electric car industry has succeeded gaining a large market share in all over car industry. Nowadays, government within some selected countries are not giving permission to people for running their fuel cars on the roads due to climate change. Reason is, currently fuel cars are badly affecting existing natural environment. That's why currently people are starting to give priority to use electric cars in their daily life. According to these all factors, the Volvo has great opportunity to earn huge profit in the electric car market.

Critical Assessment

Volvo cars not established for making on electric cars, because this company produces those vehicles also which runs through petrol and diesel. Basically, top-level management of the company always follows market latest trends, in which when existing management has realised that, now people are taking interest in using electric car, then finally it has launched its first electric car in the market (Voropai, Trufanov and Khanaev, 2018). The company was completed whole market research before launching its first car. In initial stage of electric car, the Volvo was not gained an effective return from the market, but after 2 or 3 years of launching, the company were started to attract lots of people towards own brand. On that time, when it has launched its electric car, Elon Musk's electric car manufacturing company called Tesla motors was given very tough competition to the Volvo within the electric car market.

Of course day by day people getting shifted on electric vehicles. And especially those people are like use an electric vehicle who truly love natural environment, because electric vehicles are completely eco-friendly. Nowadays many organisations also supporting the electric vehicles which work in protecting natural environment. Currently vehicles which has based on petrol and diesel are very harmful for natural environment. That's why these environmental protection organisations are promoting and supporting electric vehicles at their level. Currently Volvo has succeeded in providing a specific range of electric car. On the other side, this company is giving very tough competition to other electric car manufacturing companies or

brands (Teixeira and Sodré, 2018). With the support of existing marketing team, Volvo is able to take huge competitive advantage in its respective industry. Marketing team of the company always runs some fancy and informative ads to people which highly influences them to buy an electric car. Informative ads mean such ads where Volvo tries to inform people about value, importance and advantages of shifting on Volvo's electric car. These are some main factors that providing huge competitive advantage to the company within European electric car market.

CONCLUSION

I can be concluded that currently the Volvo cars have great opportunity to gain huge profit in the European automotive industry. Basically, this company has provided a specific range of electric vehicles which currently people are very like in within different European countries. Of course, there are other existing electric car manufacturing companies (Tesla, Nissan, Toyota)are giving very tough competition to the Volvo, but with the support of its effective marketing team this company is able to gain huge competitive advantages the market. The company has great chance earn huge profit in the future by more developing its existing electric cars.

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