

Global Business Environment

NEW BUSINESS OPPORTUNITIES AND PRODUCT LIFE CYCLE - ASSESSMENT 2

Name: Jabir Abdulqadir Nur 1909644

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Introduction

The significance of business opportunities helps in incorporating various kinds of innovative ideas to improve productivity and efficiency within an organisation. Through the aid of product life cycle, value proposition and requirements of products would be identified properly. The intent of this essay is to acknowledge the emerging opportunities for the marketing and production process within Volvo Cars in the UK. This essay explains the emerging opportunities with the help of Porter's value chain model due to which business activities can be identified properly. Moreover, this studies also highlights the new business procedure in the context with the Ansoff matrix along with product life cycle can be identified as well.

a) Identification new and emerging opportunities in production and marketing of electric cars

Porter's Value chain

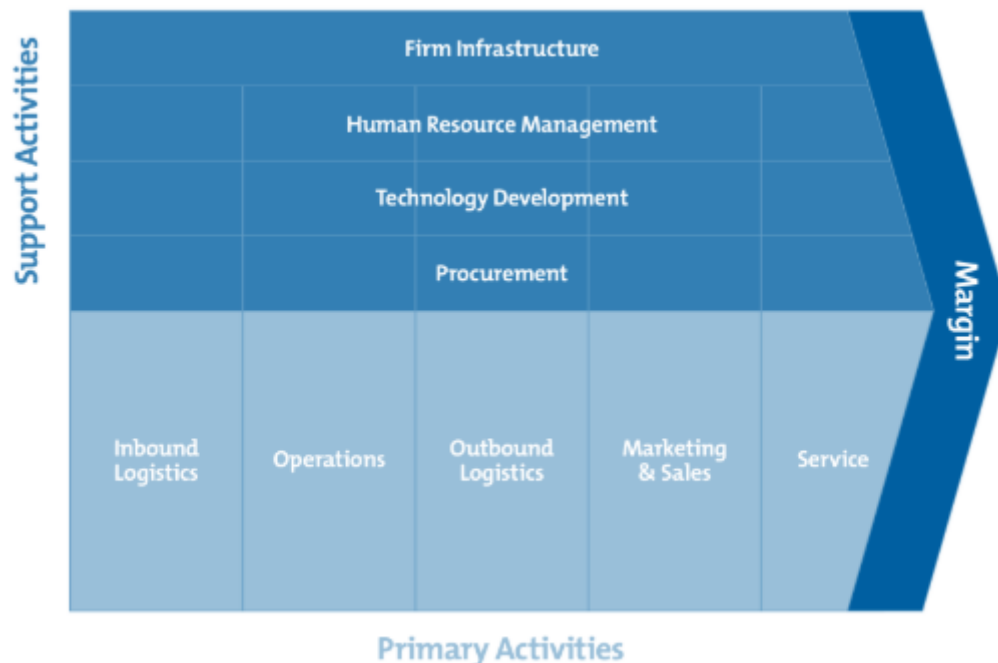


Figure 1: Porter's Value chain

(Source: Simatupang *et al.* 2017)

Supporting Activities

Firm Infrastructure

The infrastructure of Volvo Cars is entirely based on the marketing situation through which the process of customer satisfaction can be synchronised properly. In the words of Eling and Lehmann (2018), modification in infrastructure is required when the production process can be improved according to the requirements of the market and the preferences of customers. It can be beneficial for managing the growth opportunities for this company in the UK's market.

Human Resource Management

Human resource management team is expected to recruit skilled employees who can easily handle the transformation process and develop the facilities of their car services according to the desire. It would help in enhancing the efficiency and quality in their performance management within the Volvo Cars in the UK.

Technology Development

Automation technologies are expected to be incorporated within the cars of Volvo to increase the structure of performance for their car products. According to Zamora (2016), through this development, customers can easily attract to this technological development process and take their car products without any hesitation. It can provide a favourable impact on the growth of customers and also assist in expanding their business association into various other locations.

Procurement

Service providers of Volvo Cars have enough skills to procure or modify their cars according to the desires of customers. Thus, this company can easily fulfil the desire of their customers and increase their productivity which can give an opportunity for including competitive advantage within this association.

Primary Activities

Inbound Logistics

The higher management of Volvo Cars are expected to include specific logistics to increase performance of their car services. It can help in providing opportunities for customers that they can use their cars for travelling without concerning issues as their service is flexible for customers (Volvocars.com, 2020).

Operations

Implementing innovative cars can help in providing opportunity for attracting more customers within their business association. In the words of Kumar and Rajeev (2016), through delivering car operations help in managing the growth rate of customers and maintain the flow of their revenue stream as well.

Outbound Logistics

The outbound logistics in Volvo Cars are very helpful for improving the structure of cars that can be attractive for customers. It would give opportunities for selecting appropriate models according to their personality that can be beneficial for the company of Volvo Cars in the UK (Volvocars.com, 2020).

Marketing and Sales

The higher authority of Volvo Cars is expected to analyse the market situation and incorporate adequate strategy to develop their car facilities. It can help in delivering unique car models for customers according to their desires.

Service

Car maintenance services would have been provided by the Volvo Cars to modify the model and other logistics to increase the performance. It can help in fulfilling all the demands of their consumers within the company of Volvo Cars.

New business opportunities

Ansoff matrix

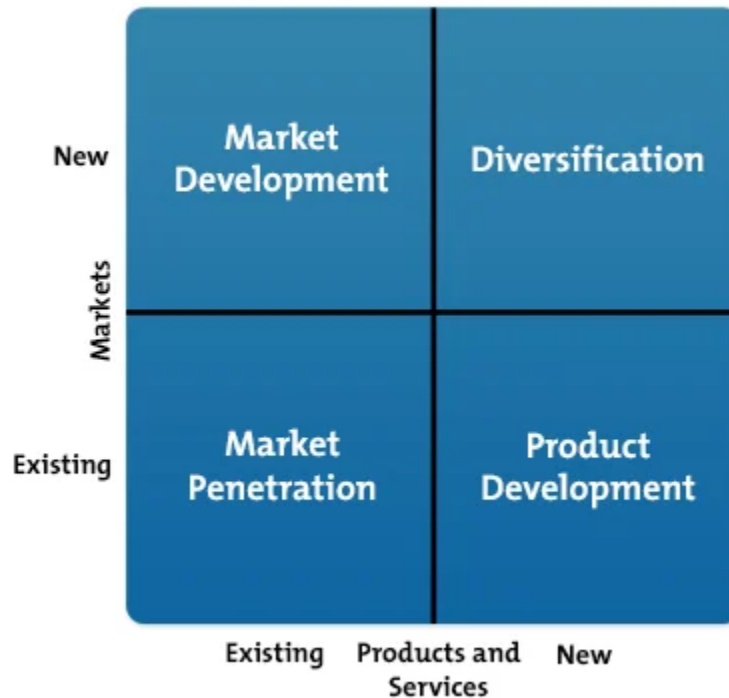


Figure 2: Ansoff Matrix

(Source: Loredana, 2016)

Market Development

The employees and higher management of Volvo Cars are needed to recognise the marketing activities to understand their position in the UK's market. In order to maintain their business, the higher authority would include STP strategy to develop their marketing condition. According to Loredana (2016), it can help in incorporating several innovative ideas for modification of their Car models. Therefore, it can give an opportunity for this company in integrating competitive advantages within their business association.

Market Penetration

The organisation of Volvo Cars provides cars towards consumers according to their desire to gain profits. Moreover, the company can take initiative in providing car maintenance services to their customers to improve the quality of their cars. According to the situation, service providers can modify the structure and value of their products with the help of higher authority.

As followed by Rabaey *et al.* (2018), it would assist in managing the development process for this association and organise the flow of improvement.

Product Development

In the organisation of Volvo Cars, the higher authority is expected to analyse their production values and product according to their market. On the other hand, service providers would also take feedback from their customers to know their perspectives. As opined by Santos and Fukushima (2017), service providers can modify their car models according to the feedback to fulfil the desire of their consumers. It can be beneficial for the sustainable development of this company in this UK's market.

Diversification

The company of Volvo Cars can take initiative in diversifying their products into various other markets to expand their business and maintain the revenue stream. It can help in increasing the quality of delivering appropriate services without facing any difficulties and bring opportunity for consumers to get accurate products according to their desires.

Product Life Cycle

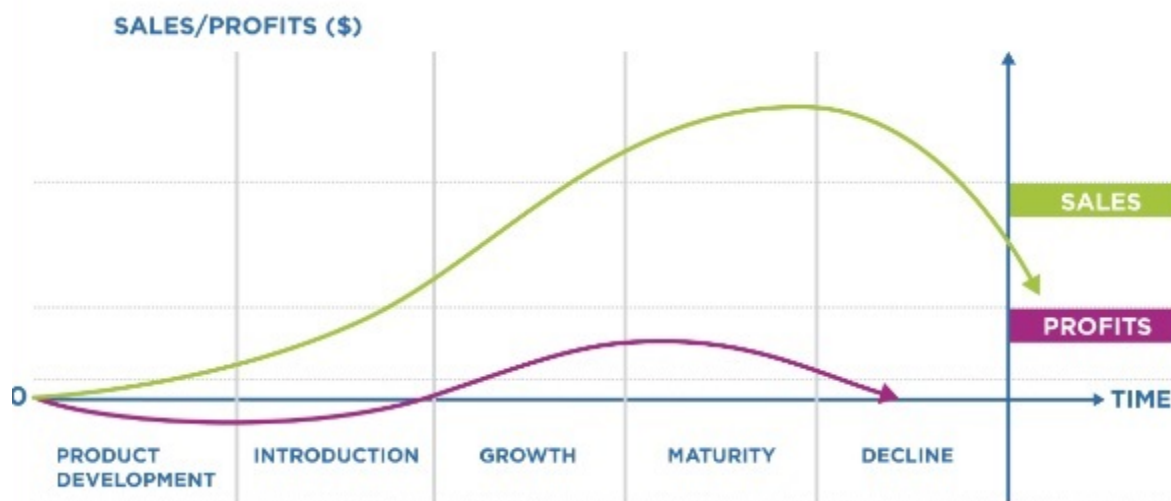


Figure 3: Product Life Cycle

(Source: Kfknowledgebank.kaplan.co.uk, 2019)

The product life comprises five stages ranging from production development to its declination. According to Wu *et al.* (2017), the significance of product life cycle can be asserted in regard to its nature of evaluating the lifespan of a product or service. Utilising this life cycle model in

regard to Electric Vehicles (EV) by the organisation of Volvo Cars can aid in evaluating its time span and worth in the market. One of the foremost significances of EV is that it helps in the reduction of carbon emission since electric motors are utilised for its functioning.

The organisation of Volvo Cars has undertaken the decision of incorporating electric motors in every vehicle from 2019 onwards instead of reciprocating piston engines. Moreover, the organisation has garnered a revenue of £22,289.23 million in 2019 (Investors.volvocars.com, 2019). This indicates its position in the maturity phase in accordance to the product life cycle. Therefore, incorporation of the EV can aid the organisation to continue its business functioning in this phase where the most amount of profitability can be generated.

b) Critical assessment of other businesses linked with global automotive industry in regard to profitability

International trading and trends in global business

Conducting business in the global arena widens the scope of business opportunities and also significantly impacts on the product life span. For ensuring ethical conducting of such processes, the need for abiding by regional trading agreements can be deemed as necessary. Agreements such as NAFTA, EU and CAFTA-DR are some of the common trading regulations that are required to be abided in regard to specific geographical context (Worldbank.org, 2018). Therefore, abiding by these agreements can cater towards adequate international tradition through which a vast range of opportunities can be identified. For the organisation of Volvo Cars, the scope of the market of EV can be adequately enhanced. As per the case study, it has been identified that the organisation is focused towards reducing carbon emissions along with integration of electric motors (Mckinsey.com, 2019).

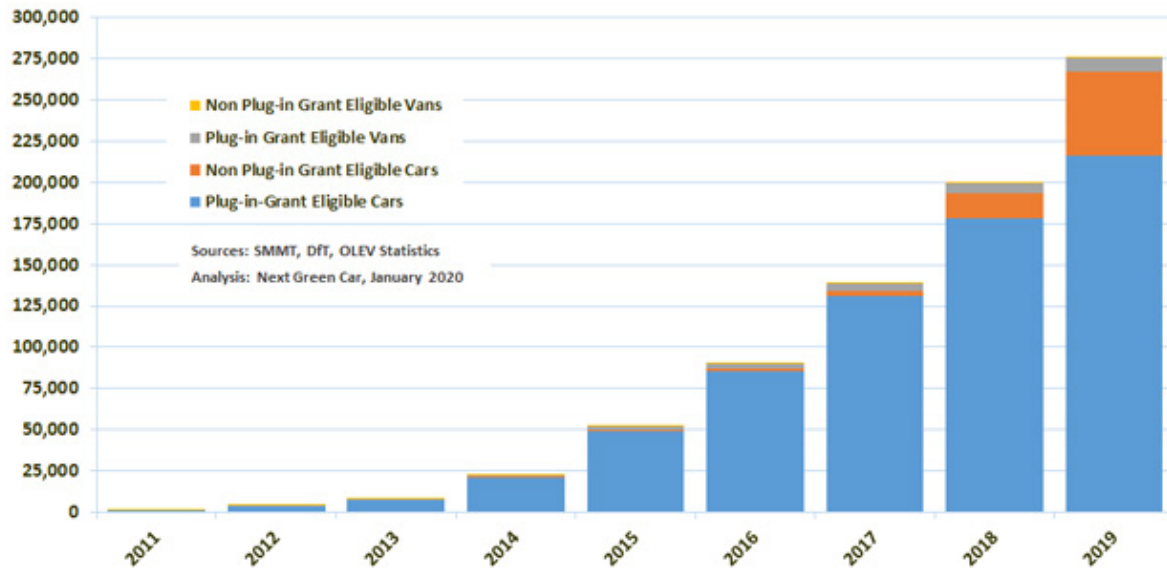


Figure 4: Registration for Electric Vehicles in UK

(Source: Nextgreencar.com, 2019)

In accordance with the global trends, it has been identified that more people are getting inclined towards purchasing EV with each passing year (Nextgreencar.com, 2019). Since sustainable development can be identified as one of the biggest trends in the global market, therefore, these vehicles can appropriately fit in the market. The rate of sales of EV has also been rapidly increasing because of its nature since it focuses on using eco-friendly raw materials. The organisation of Volvo Cars is required to cater towards the increasing demands of customers by producing environment friendly cars through which the company would be able to achieve a sustainable future.

Business to be discontinued

According to the global market, the organisation of Volvo Cars is needed to invest in various other businesses for acquiring adequate raw materials for the vehicle parts. As per the case study, it has been identified that the focus of Volvo Cars is being shifted from reciprocating piston engines to electric motors. By welcoming electrification as the core of the future business, the organisation can promote its sustainable mode of functioning. As opined by Hughes and Drury (2019), electric motors comprise eco-friendly materials due to which it has significantly less impact on the environment. Therefore, from this, it can be identified that the businesses that are engaged in developing piston engines would not be an ideal area of investment for Volvo Cars.

Kirmse *et al.* (2017), states that piston engines are one of the most common types of engines that are integrated within automobiles and motorcycles. However, Volvo Cars primarily invests in internal combustion engines (ICE) which are required to be continued rather than reciprocating piston engines. This is because the latter type of engines results in carbon emission along with other harmful impacts on the environment. The global population has been slowly drifting towards a sustainable future and a significant amount of the population are inclined towards purchasing electric vehicles (Mckinsey.com, 2019). Therefore, in terms of long run, the decision to not invest in such engines can prove to be fruitful.

Electric vehicles require technologically advanced batteries in order to function. As per the case study, it has been identified that there are the two types of batteries with small-format and large-format cells that are usually integrated within EV. As per the view of Hosseinzadeh *et al.* (2018), large-format cells are less prone to overheating as compared to small-format cells. Although the former is quite costly, for achieving success in the global market, Volvo Cars is required to focus on the sustainable measurements through which this can be reached. Therefore, the organisation can invest in organisations focusing on batteries with large-format cells rather than the ones whose focus is only on small-format cells. Another aspect is that of powertrain which is a form of mechanism associated with the battery pack. By investing in this regard, the desired outcome can be obtained. This can help the organisation garner adequate amounts of profit through which it can establish its market on the global scale.

Conclusion

Through this study, the significance of Electric Vehicles in the European market has been evaluated. This study has been focused on evaluating business scope and opportunities through which such vehicles can be adequately implemented in the market by the organisation of Volvo Cars. For understanding the market presence of EV, Porter's Value Chain has been incorporated. It has aided in understanding the increase in organisational value through the integration of electric vehicles. By focusing on global trends, the aspect of business opportunities for Volvo Cards can be adequately enhanced. This study also helped in identification of relevant businesses lined with the automotive industry such as organisations engaged in production and manufacturing of the raw materials. Therefore, a thorough evaluation has aided in understanding which business would prove to be beneficial in regard to electric vehicles. The organisation of

Volvo Cars can continue its investment in such businesses through which its long-term functioning can be maintained.

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