

THE GLOBAL BUSINESS ENVIOIREMENT

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ASSESSMENT 1

Abstract

The purpose of this essay is to examine the operation of the multinational carmaker Volvo in the new landscape that the future brings to the Automovil industry. How new alternatives will change the way of manufacturing new cars, the new advanced technology and how the governments will deal with it in a scenario that affects to the automobile industry. What kind of measures will be adopted by the industry to stop global warming as the regulations are getting tighter by governments around the world.

INTRODUCTION

The world's automobile population is growing faster than the human population. There will be over 3 billion vehicles by 2050 (Sperling, 1995).

It is a huge threat to the environment as will increase the amount of carbon dioxide and gasses of greenhouse that will contribute to global warming on the planet.

The automotive industry is volatile and has huge potential for growth. The declining status of global climate has affected the international operation of Volvo.

Europe has gone through the initial adoptions phase of electric cars. New powertrain alternatives are coming up with different storage solutions and different sources of propulsion.

Electrical vehicles are increasing consumers and the automotive industry is investing in EV that will be in a period of maturation by 2030.

Although, there will be factors such as emission regulation, fuel price and battery packs price development. battery capacity correlates very directly with battery mass. Thus, more battery capacity implies a heavier and larger car. Ranges are therefore still very much limited and pure electric driving will be limited to short and medium-range applications for the near-term future.

The industry has started to diversify; however, Internal combustion engine (ICE) is still being the first alternative but EVs will be the most common by 2030.

Countries like Norway and the Netherlands have been the first countries to adopt measures to increase the use of EVs across all the cities.

According to McKensy, cities which are adopting and introduction EVs are those which their population have high-income, well-educated consumers and are concerned about the environment.

PESTEL ANALYSIS

It is important for Volvo analysis of the environment. The macro-environment analysis will guide the company in an uncertain and dynamic environment. PESTEL will provide a clear image of what types of changes or circumstances the company can face up in the future

and affects the operations of the company. The six-macro environment factors are political, economic, social, technological, environmental and legal.

Political:

Political factors highlight the main law and regulations, security measures and registrations that can apply to the entire industry itself.

- The government provide the support that includes exemption such free tax, VAT, toll road charges, registrations tax and annual circulation tax
- Nowadays governments are keen to reduce carbon emissions through less use of petrol and diesel using electrical- vehicles
- Some big cities are putting measures to ensure better air quality and pollutions encouraging with benefits at those who use electrical cars

Economic

- Consumer is more awareness to use eco-friendly cars for the environment
- In countries like Norway or Netherlands consumers of EC can use the benefits such as parking zone fees, use the bus lanes, etc... (OEN, 2009)
- Installation of a public charging infrastructure comes at a cost too high for governments

Social:

Includes changes in the cultures and demographics globally, apart from the changes in the buying pattern and capacity of the customer itself.

- The demographics of certain customers and what they want exactly they want to buy is different. If a certain person has a large family, they will go for a bigger more spacious and safer car to suit the family. Some customers are more into sporty, luxurious and stylish cars that they feel more comfortable in.
- People rather prefer buying electric cars than gasoline cars
- Many cars on the road today are used by single occupants, commuting for work

Technological:

- More technological- eco-friendly are introducing and increasing the rates
- New materials and recyclables for production can provide new possibilities such as less contamination
- Self-driving cars are on the way as such techniques are being developed by private companies.

Environment:

- Due to the emission of large carbon from CIE increased the pollution on air and hence have caused many issues to the population

Legal

- New laws to protect the environment have been raising and applying by the governments and it has hit the industry.
- Companies are looking for implanting new eco-friendly technologies, reliable and fuel-efficient cars as the government is putting heavy taxes.

PORTERS 5 FORCES

Supplier power

- after Volvo has acquired by a Chinese firm, they will have the opportunity to work for Chinese suppliers, the cost will reduce a lower price than Europe

Buyer power- Volvo is operating in more than 100 countries so they have a lot of buyers we can say the buyer power is quite high.

Competitive rivalry

– the competence that there is in the automobile industry is huge. Every time the automobile industry creates new features, technology and eco-friendly cars. Volvo has a large competence like Mercedes, Audi, BMW most of them offer the same features even better than Volvo.

The threat of substitution

– it always presents as there are many ways of transportations in the cities to avoid using a car of combustion. Volvo has targeted families, so they have a range of big cars and offering the safest cars in the market. (references)

The threat of new entry

– the entry of new companies is difficult for the automobile industry due to the high cost that might be, and consumers prefer and rely on the companies that have more tradition and experiences.

CHANGES IN THE INDUSTRY

Currently electric cars are not yet conventional in our daily lives, however, they are intended to decarbonize the economy, in other words, to the reduction of greenhouse gas emitters from fossil fuels. Among the main drawbacks of this new range of cars are related to the extraction of minerals and the processing of essential materials for their engines.

Currently, much of the electrical energy consumed by these cars comes from thermal power plants that are too polluting, which makes them a double-edged, as the number of cars with combustion engines decreases, electric degeneration plants, it would have an extremely high demand, assuming massive and deregulated electricity production and as a consequence of pollutants such as CO₂.

According to a study carried out by the Norwegian University of Science and Technology, it has provided an increase in greenhouse gas emissions, if there is no other way of generating electricity other than coal, it also warns us that the factories that produce these cars

emit a greater amount of toxic waste compared to conventional car factories, according to the Journal of Industrial Energy.

On the other hand, it is a much more controversial issue that could generate many consequences of not being regulated, and that is undoubtedly one of the biggest challenges presented by this new range of cars, with batteries that are they would use, which use elements such as lithium, cobalt, nickel or graphite.

In the rest of the impact levels considered, including potential effects on acid rain, airborne matter, toxic fog, ecosystem toxicity and fossil resource reduction, electric vehicles performed worse or at the same level as internal combustion, despite their almost zero-emission during the operation. ” explains the teacher Stromman from the University of Norway.

As it has been explained in two occasions by Professor Stromman, this type of batteries could create the reduction of fossil resources, since according to the US Geographic Institute it is estimated that there are 40 million tons of lithium for an annual production of 35,000 tons.

On the other hand, it also warns of acid rains and toxic mists, as well as toxic ecosystems. The processing of the elements of the batteries generates an amount of up to 75,000 kilos of acidic remains.

In conclusion, it can be said that electric cars still have a long way to go in how many emissions if you want to exceed the internal combustion cars, to be able to replace many of the materials used, there is no doubt that they are the future on which the reduction of greenhouse gases depends. (World News, 2012)

FUTURE

Electric Vehicles (EV) is, however, still burdened with a major drawback working against an immediate full-scale implementation. The batteries will increase acid-batteries, the batteries will be built with nickel- metal, hydride and lithium-based. A disadvantage of EV are current battery technology limiting driving ranges, relative long recharging times and high purchase price, so the strategy for the future is developing technology able to increase the battery driving, the other inconvenient is that EVs can be sold in short-term to cover the manufactures cost (Thornton 1999)

NEW BUSINESS OPPORTUNITIES

Little by little, we are seeing more electric cars in our cities. It is an even slow phenomenon, but at some point, it will become a trend, to probably end up replacing the current combustion engine technology. It is a good reason to think about some business ideas related to the electric car.

Installation of chargers in private homes

If we start from the basis that little by little, most of us are going to have an electric car, it will certainly be a good idea to install chargers in the parking lots of the buildings or the private garages of the houses. Between installation first, and maintenance of the installed park of the other, there can be a very profitable business.

An app to find places to load the car

At the moment, it cannot be said that the sites to charge the electric car battery abound, and neither the autonomy of the vehicles is very important, so it is essential to know the places where the car can be charged. In the future, it will still be very interesting, and as there are apps to find gas stations, there could be one to find cargo sites at the best price.

Improve technology

One of the current problems of the electric car is the relatively low autonomy and charging time of the batteries. Many people are working to improve technology, but perhaps you are an engineer more imaginative than others and can find the improvement that revolutionizes the market.

Battery exchange service

As I said before, now the charging time of a battery is large, so it could be considered to mount a site of rapid battery change (the one that is empty for another charged), for example in the middle of a very freeway busy. This will be very conditioned by the assembly of the battery by the manufacturer.

In the longer term and given that these elements end up being damaged by use, one could think of a battery renewal service, provided that it is cheaper than changing the vehicle, of course.

Electric car rental service

While the electric car is still something relatively new, it can be interesting to rent it in the cities, as an alternative means of transport for tourists who stay a few days, or people who need a car on time. You can bet on the ecological image, and you have to limit yourself to the cities for the aforementioned low autonomy.

LONDON LANDSCAPE

London wants to be the first city in the world to have full Electric vehicles in its roads.

This plan is a clear contribution from the private and public sector to work together to achieve it.

The plan is delivering the necessary infrastructure This will be driven by a combination of new low-emission regulations, a supportive policy at all levels of government and a decrease in the cost of electric vehicles.

London Boroughs have installed more than 1,100 overnight residential charge points as part of the 'Go Ultra Low City' partnership between the GLA, TfL and London Councils, according to Mayor of London.

In 2018 the mayor of London has launched a programme of infrastructure called taskforce, which is established of understanding London's likely future EV infrastructure needs.

The private sector has been supporting this programme:

DPD will open all-electric micro depots

Addison Lee will have all its fleet zero-emission by 2022

Uber all the cars will be electric using the app by 2025

DriveNow the %50 of the fleet will be electric by 2025

Zipcar aim is the 100% of their fleet to be electric by 2025

London's public sector is already a commitment to change all its vehicles to electricals, metropolitan police, the fire brigade are including EV.

The aim is:

All cars support fleets being zero-emission capable by 2025, All new cars and vans, including response vehicles, being zero-emission capable from 2025 and all heavy vehicles being fossil fuel-free from 2030

CONCLUSION

In conclusion, it can be said that electric cars still have a way to improve their autonomy, however, countries from Europe are investing in this alternative as they want to reduce of greenhouse gases and clean the big cities of the air pollution.

Big cities have started to put some measures and regulations to increase the use of electrical cars, but it is still expensive these kinds of technology in terms of money.

Manufactures and carmakers have already seen affected by these regulations, in the automobile industry are aware of the future and it is better to invest in Electric cars as every year governments are being tighten with this matter however, people are opting for friendly car to protect environment and looking for the future.

In the near future, combustion cars will be disappearing as new technologies and ideas are coming up to make the cities smarter and less contaminated.

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More challenging, perhaps, is the introduction of tough new CO₂ emission standards, designed to tackle global warming, that make it much more expensive to build cars. 98-106

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