

Global Business Enviroment

Ford Motor Company business analysis

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Introduction

Every organization needs to analyze its business environment and consider its culture, investor's business strategies, and the organization's macro and micro environmental climate. As a result, a company competes favorably in the business market and gains significant strategy management that will align with those of the investors.

This report explored the external and internal market environments of Ford Motor Company. As such, the report delved into the use of models such as SWOT, PESTEL, and Porter's 5 Forces to carry out both internal and external business analysis concerning Ford Motor Organization.

Organization overview of Ford Motor

Ford Motor organization is a prominent American automotive firm founded by Henry Ford in 1903. The organization has always worked to achieve a suitable micro and macro environment by considering its corporate culture and investor's business management strategies. However, the company faces several challenges, especially during recession and inflation. Therefore, carrying out a PESTEL and SWOT analysis of the Ford Motor organization is significant to understand how it manages to stay on top of the automotive market.

Ford Motor Macro Environment analysis.

External factors affect the way a company makes its daily decisions. Therefore, this can affect how it competes with other businesses in the market. Thus, analyzing Ford Motor's macro-environment factors will require two analytic tools: the SWOT and PESTEL analysis.

SWOT analysis

SWOT denotes the Strength, Weaknesses, Opportunities, and Threats of a company. The strength and flaws are the internal factors within a company, while the threats and opportunities

are the company's external factors that affect the business. Therefore, SWOT analysis will give knowledge of Ford Motor's existing corporate condition and where improvements need to be made.

Strength

Ford Motor organization has global recognition due to its operational success. It is one of the largest automobile retail stores in the U.S. that has gone international. According to the statistic report, it operates as two brands, Ford and Lincoln, and has a \$10.44 billion value. Being well known and recognized globally gives it an advantage over other competitive automobile firms. Therefore, Ford Motor Organization benefits from more extensive market penetration, volume, and size strength. Its promiscuity and fame, thus, give its shareholders confidence and encourage more investments.

The company has established a massive network of dealers who have diversified its market and operations. As a result, customers find their vehicles easily, fast, and at their convenience. There are over 10,700 dealers internationally offering vehicles and fuel services. Moreover, the company can compete with other businesses in the market and obtain the advantage of more significant increased sales.

Ford automobile is also well known for its excellent customer service and relations. The shop assistants can well assist clients in finding their tastes and preferences. In addition, the shop and call center assistants are taught to relate courteously with the clients and give them good ideas of whatever vehicle they require. Consequently, the business has expanded and gained prominence to its customers and potential buyers.

Ford Automobile Company has a solid financial position that enables it to make huge revenues over the years (Klayman, 2020). Despite going through economic crises, especially in the 2020-2021 period, it stands a solid financial position. Consequently, the company has a chance to grow further in the U.S. and across the borders.

Ford Automobile's strengths contribute to its massive cash flow and advantage over other competitive companies in the market. As a result, it continues developing and expanding its overseas supply chain and increasing demand. However, the company is associated with weaknesses that challenge its growth and development.

Weaknesses

Ford automobile suffers lousy reputation compared to its rivals in Europe and Japan such that clients may complain defects and inferiority of some vehicles. Furthermore, stock control is majorly linked with information communication systems which could cause an imbalance in the timing and mix-ups. Therefore, clients give nasty remarks threatening the business interaction with clients and other potential buyers.

The company is highly dependent on the U.S. and European markets, reducing sales. In addition, European and U.S. markets are saturated, relying on limited sales (Z.X., 2020). Therefore, competing with other rivals would be difficult, especially those stretched to emerging markets such as China.

Opportunities

The new digital marketing techniques now available globally for business is an excellent opportunity for Ford automobile to add to their marketing techniques. Additionally, the increased customer base in China and Japan markets will enable the company to grow its sales. For instance, in 2020, Ford's sales in China rose by 25% to 164,352 units (Sun, 2020). Therefore, the development and expansion of the overseas supply chain will reduce dependency on U.S. supply and help reduce costs. Furthermore, the growth of the online market is an excellent opportunity for the business to diversify its products and gain fast and reliable customer services. Moreover, \$1.4 Billion invested in Argo Ai, an Artificial intelligence firm, will promote internal technology. Automatic cars that are semi self-driven enabled have also been introduced by mid-2021 (O'Kane, 2020), providing an excellent opportunity for the prominence of the business.

Threats

Several new and existing companies in the market threaten Ford Automobile business firm. Consequently, some firms offer high-quality, low-cost vehicles similar to the Ford firm resulting in the price-sensitive buyers going for their products.

PESTEL Analysis

This analysis postulates a firm's external dynamics that could impact its routine operations. Analyzing these factors will help an organization consider likely implications and reduce future risks (Macos, 2014).



Figure 1: PESTEL Analysis Framework (Makos, 2014)

Political factors

Economic factors

Free trade agreements and government incentives result in the growth and development of the business. In addition, demand for automobiles is projected to increase in South America and Asia. Therefore these factors provide s an excellent opportunity for the growth of Ford Automobile company.

Social-cultural factors

Changes in population and generational shifts, consumer tastes, and preferences are social factors that affect how clients purchase commodities. For example, the Ford automobile company emphasizes building good customer and supplier relations and the general public in which they operate in their strategic plan. Different generations have different tastes, and preferences which

should be considered. Additionally, the perception that British commodities are of poor quality (Experian, 2015) should be considered when laying out quarterly business strategies.

Technological Factors

Ford Automobile firm has adopted modern technology in their production and distribution of their commodities locally and internationally. The communication speed of new trends in the market has drastically increased, and transportation of items is made more accessible and significantly fast. Ford has invested \$ 1 Billion on improved technology in its service provision. The incorporation of Tablet, mobile and physical experience in business has improved the shopping experience (TaylorWesing, 2015).

Environmental Factors

Ford automobile organization provides environmentally-friendly vehicles production especially three electric and fusion hybrid. The company has adopted the environmental and ethical plan that serves how the business carries out its functions and reduces its waste. Moreover, Ford has produced Eco-Friendly vehicles that are fuel-efficient and can run any form of energy.

Legal Issues

These are high standards that ensure that Ford Automobile company does not violate any laws and regulations in the country and internally. The firm works to ensure the quality of all automobiles it produces and the safety of all its vehicles. Depending on the legal framework of different countries, Ford has to ensure it meets every standard when manufacturing other models since safety and product design measures may vary.

Porter's Five Forces Analysis

The Model was designed to gauge the market competitiveness of a company and its attraction to potential clients in the industry. Ford Automobile's five forces that affect its environment are the threat of new entrants, substitute products, the bargaining power of buyers and suppliers, and the intensity of competitive rivalry.

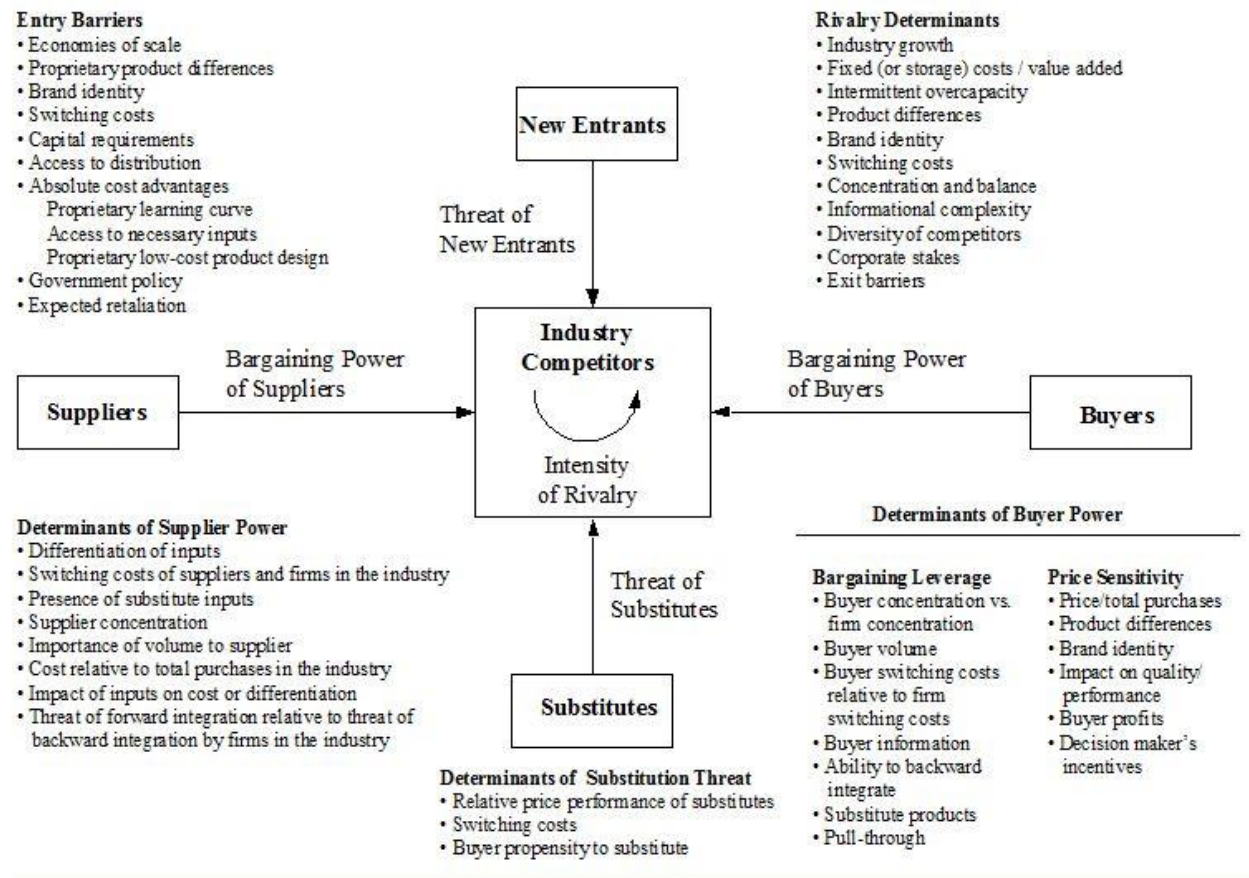


Figure 2: Porter's Five Forces Analysis

The threat of New Entrants

The highly loyal clients, quality products, and well-developed supply chain in Ford Automobiles discourage potential entrants (Vizard, 2015). However, the company faces stiff competition despite the barriers to entry. Mercedes has been one of the company's main competitors in recent years.

The threat of substitute products

A shift in the consumer's taste and preferences threatens the company as other companies continue to imitate their products. General Motors and Toyota pose a threat due to the production of high tech vehicles that compete with Ford Automobile Company.'

Bargaining power of buyers

A shift in price sensitivity of consumers increased preferences for modernized goods and dislike for British products significantly affect the trader (Cunningham, 2016). Ford customers may be enticed by the availability of substitutes at a moderate cost and therefore lose confidence in the company's vehicles. Therefore, whenever there is a lack of consumer confidence (Reuters, 2016), the sales are likely to be affected, resulting to the company cutting its prices.

Bargaining Power of Suppliers

In the 1990s, Ford Automobile Company experienced reduced sales forcing them to work with overseas suppliers who offered competitive prices. Therefore, the bargaining power of its British suppliers declined (BBC, 2013), resulting in a low bargaining power of its suppliers.

The intensity of Competitive Rivalry

The Ford Automobile company faces high competition from motor vehicle retailers such as Toyota and Honda. Additionally, some firms offer low-cost vehicles and fuel than the Ford Automobile, resulting in buyers being sensitive to higher prices going for their products. Therefore, Ford Automobile firm will strive to ensure that quality and affordability are guaranteed in their services to beat completion in the market.

Conclusion

Conclusively, the Ford Automobile company is experiencing several micro-economic and macro-economic factors despite being a well-established and recognized brand. It continues to innovate in its social, environmental, and ethical business strategy to develop both in the United States and across the continents. Therefore, the company is likely to maintain its high profile, offering high-quality products in the market.

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