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1.0 Introduction

Purpose and focus of the report

The purpose of this report is to critically assess strategic marketing management implications of macro marketing environment in the global automobile industry. The industry is in full transformation due to electrification, the digital revolution, regulatory forces, and changes in consumer preferences. The report is all about the evaluation of the effect of external macro forces on marketing strategy, competitive positioning, and long-term growth decisions. The report identifies the strategic significance of the environmental awareness in maintaining a competitive edge in an already highly dynamic and capital intensive global economy by looking at the responsiveness of pioneering and follower organisations to these external pressures.

Macro marketing environment

Macro marketing environment is a crucial aspect of strategic decisions as it determines market demand, regulatory limitation, technological advancement, and rivalry. The global automobile business environment is an environment where environmental laws, technology shocks, economic and geopolitical policies directly affect product development, pricing, supply chain design, and market expansion choices. The strategic marketing planning must thus be done through constant environmental scanning through models like PESTEL to see new opportunities and threats. Those organisations that take the initiative in signaling the macro-environment are more likely to mitigate risk, pre-empt change, and align their strategies with longer-term trends in the industry.

Structure and scope of the report

The given report consists of two main parts; the first one describes the macro marketing environment of the global automobile industry, paying attention to the major external factors and their strategic influence, whereas the second one compares how the pioneering and follower organisations react to it based on the accepted strategic models. It is global in scope and focuses on the current trends in the industry and implications of strategic marketing.

2.0 Task 1: Critical Analysis of the Macro Marketing Environment

2.1 Overview of the Macro Marketing Environment

Macro environment and its relevance to marketing strategy

Macro environment is described as the overall external forces such as political, economic, social, technological, environmental and legal (PESTEL) that affect organisational performance but cannot be controlled by managers directly. These forces influence consumer demand in the auto industry, regulatory standards, technological innovation and competitive intensity on a global scale (Kamakura and Martinus, 2025). Marketing strategy should therefore be analysed in terms of the macro environment since it allows firms to realise changes in the market, growth prospects, risks to be averted and the product development, pricing, positioning and expansion decisions be aligned to long term trends in the industry.

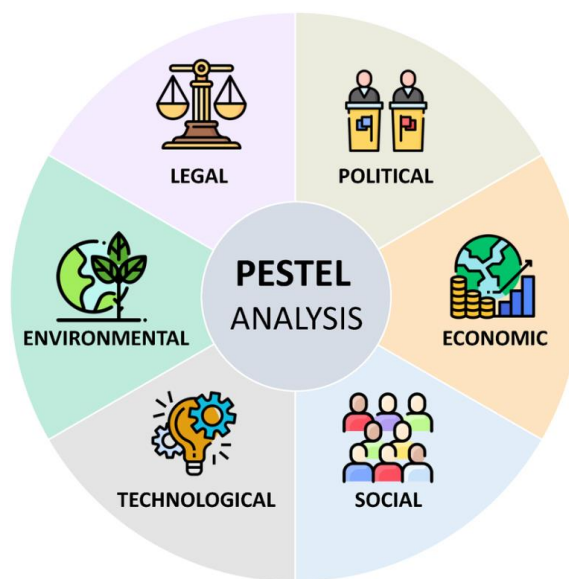


Fig 1: PESTEL Analysis

Source: (Business-To-You, 2025)

2.2 Selection of Two External Macro Marketing Actors

Two external actors

Political Factor: Government subsidies, emission regulations, and trade policies are used as key political forces that manipulate the global market of automobiles by

affecting the production standards and access to the market (Good *et al.*, 2025). The electric car policies and carbon reduction influence directly the strategic marketing, product development, and international expansion strategies.

Economic Factor: There are economic forces such as inflation, interest rates, and prices of fuel and purchasing power of consumers that have a great influence on vehicle demand and pricing strategies across the globe. Changing economic conditions affect consumer ability, availability of funds and general market expansion of the automobile industry (Velinov, 2025).

Relevance and current influence

Political Factor

The global automobile industry is being significantly influenced by political reasons, particularly regulations and policies of the government regarding emissions and incentives of electric vehicles (EVs) (Pathak, 2025). More than 20 countries have promised to lose internal combustion engine (ICE) car sales, with many of them planning to prohibit car sales by 2030 to 2035, which in turn makes manufacturers pay attention to electrification and low-emission technologies. Also, the sale of electric cars surpassed 17 million vehicles worldwide in 2024, which is more the total sales, partially because of favorable policy provisions and incentives that promote EVs (Srivastava *et al.*, 2025).

EU drops 2035 combustion engine ban as global EV shift faces reset

By Philip Blenkinsop

December 16, 2025 11:32 PM GMT+5:30 · Updated December 16, 2025



Fig 2: News on losing ICE Cars

Source: (Reuters, 2025)

Economic Factor

The global economic conditions determine automotive demand, production and affordability of consumers to a great extent. The global new car sales are predicted to hit approximately 89.6 million units in 2025, which is a small growth of 1.7%, which shows that the market is growing cautiously as a result of economic uncertainty (Virmani *et al.*, 2025). Rising interest rates, inflation, tariffs pressures still affect purchasing behaviour and pricing policies in major markets and the high growth in China, which is fuelled by growing middle-class incomes, ensures high demand.

2.3 Critical Analysis of Each Actor

Political Actor

Impact in pioneering and follower organisations

Pioneering organisations

Government EV subsidies, a zero-emission vehicle (ZEV) and more stringent carbon controls have been a boon to firms like Tesla, Inc. and BYD Company Limited. With the world reaching more than 20% of the total vehicles sold in EV mode in 20242025,

these companies were poised to increase production speedily without the overhead of switching to internal combustion engine (ICE) technology. Their early investments in battery technology, EV platforms, and vertically integrated supply chains allow gaining regulatory advantages, expand faster in politics-subsidy markets (EU, China, U.S.), and become sustainability leaders. Their first-mover advantage and speedy worldwide market growth are supported by political pressure (Liu et al., 2025).

Follower organisations

The old-established producers (the Toyota Motor Corporation and Volkswagen AG) on the other hand, have greater transition costs since they have existing ICE infrastructure and complicated international production chains. The requirement to meet stricter CO₂ emission regulations and phase-out rules has cost the automotive industry multi-billion-dollar investments in restructuring their plants, the development of EV platforms, as well as battery alliances. Such regulatory pressures add to capital expenditure amounts, operational risk and squeeze short-term margins. Though followers have high brand equity and scale economies, politics pressures demand quicker electrification plans, strategic alliances and portfolio restructuring to stay in the game in a progressively and regulation-focused industry.

Opportunities and threats within the automobile industry

Opportunities: The increase in EV sales worldwide to a projection of 21.8 million vehicles in 2025 (+ 25%), signifies a good growth prospect offered by the tighter emission regulations and the widening of clean mobility incentive markets by the states (ACEA, 2025a).

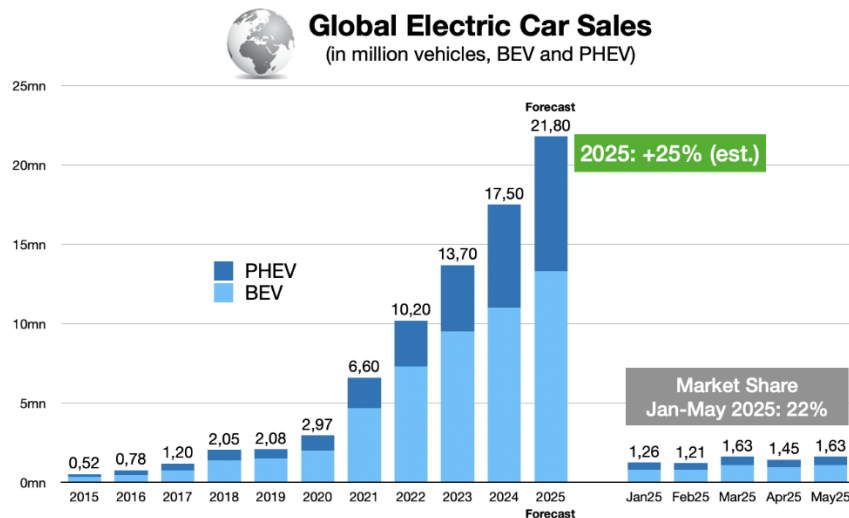


Fig 3: Global EV Sales

Source: (IEA, 2025)

Threats: Uncertainty in policy and tariff hikes, such as EV trade strains between leading economies in 2025, are increasing the cost of production and derailing global supply chains.

Key strategic implications

Pioneers

First movers have to use regulatory compatibility and first mover advantage to go global whilst maintaining high capital investment in compliance technologies (ACEA, 2025b).

Followers

Devotees require strategic alliances and quicker electrification strategies so that they can meet the changing political requirements without jeopardizing profitability.

Economic Actor

Changes impact pioneering and follower organisations

Pioneering organisations

Early movers such as BYD Auto are also riding on the robust EV demand and by 2025, an estimated 5.5 million vehicles will be sold and further to 6.5 million in 2026,

cementing their market presence in the international markets despite the economic headwinds (ACEA, 2025c).

Follower organisations

The followers like Renault Group are undergoing margin pressures, predicting a drop in operating margin to about 5.5% in 2026 versus 6.3% in 2025, as price competition and cost pressure mount.

Opportunities and threats within the automobile industry

Opportunities

Emerging markets are still increasing the demand of vehicles; in the first half of 2025, passenger registrations around the globe had made it to 37.4 million vehicles, with China driving this growth by an annual increase of 12%, providing an opportunity of growth to automakers (Coherent Market Insights, 2026).

Threats

The threats are economic volatility and flat sales outlook, as the global light vehicle sales growth will decelerate and become almost stagnant through 2026, although upside momentum will be curtailed by supply chain and cost pressures (Deloitte, 2026).

Key strategic implications

Pioneers

The first-movers such as BYD and Tesla have to preserve scalable cost structures and price elasticity so that they can defend market share as aggregate car sales continue to stagnate and as competitors mount pressure (EV-Volumes, 2025).

Followers

The followers like Renault and Toyota must work to streamline processes and product portfolio diversification and thereby remain profitable in a world where the economic growth rate is rather low, and the pricing rivalry is increasing.

3.0 Task 2: Strategic Responses of Pioneering and Follower Organisations

3.1 Pioneering Organisations' Strategic Responses

Way pioneering firms respond to external challenges and opportunities using Ansoff's Growth Matrix

Market Penetration

Early movers like Tesla and BYD increase the presence of current EV models in major markets by boosting sales. The cumulative 8.46 million deliveries in the third quarter of 2025 by Tesla, which supported an outlook of more than 1.8 million deliveries per year in 2025, is due to price modifications and an increase in production capacity in North America and Europe (Forbes, 2026). BYD has also had scale record sales in China, accounting over 70% of its 2025 volume, which strengthens its leadership in its main markets.

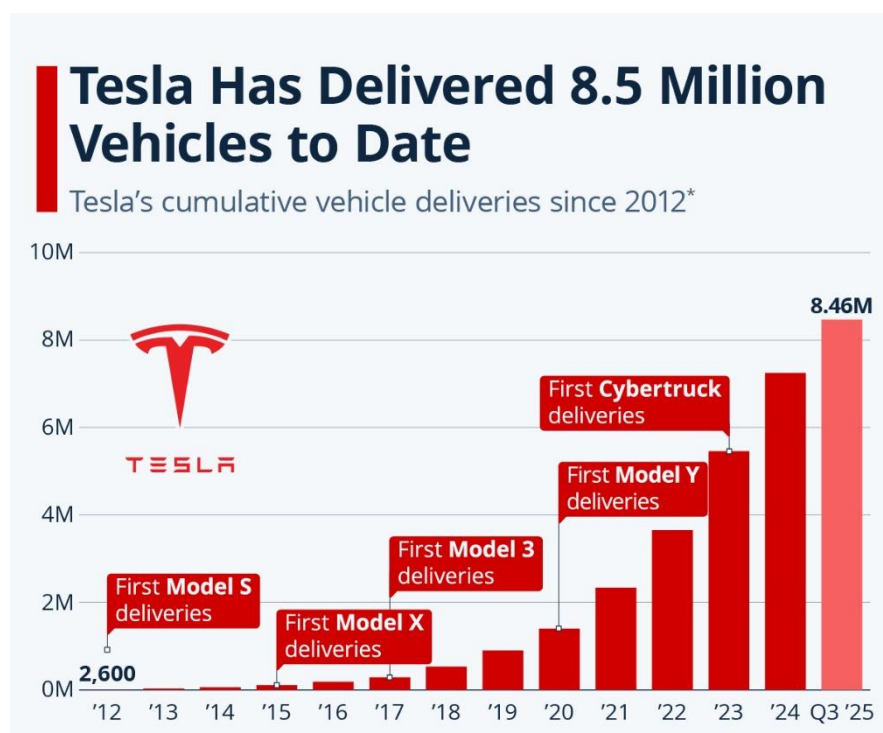


Fig 4: Tesla Worldwide Deliveries

Source: (Statista, 2025)

Market Development

To scale to new markets, innovators are penetrating emerging markets with good opportunities in EV development. An example is that BYD is aiming at Latin American and Southeast Asian markets in 2025-2026 with exports that contributed to increasing international deliveries by an average of 30% annually in early 2025 (IBEF, 2025). This plan will capitalize on the increasing demand of the middle-class customer segment and the favourable EV policy incentives in new geographies to ensure diversification of revenue sources.

Product Development

Innovation of products is the core of pioneers, and new model variants and technologies are introduced rapidly. Tesla will introduce the updated Model 3 and new software functions such as Full Self-Driving updates in 2025, and rivals such as Lucid Motors expect new EV luxury trims (International Energy Agency, 2025). Such trends spur demand within the existing clients and compel new consumers to purchase more advanced technology, and Lucid reported a nearly 70% delivery growth in 2025 over 2024.

Diversification

Diversification would help pioneers to expand strategic scope beyond core vehicles. Successful diversification in related clean energy markets can be seen through Tesla energy storage and solar divisions, which brought an additional estimated share of the total revenue of around 10% in 2025. BYD also develops energy and battery businesses, the sales of which are expected to rise by 25% in 2026, which will eliminate a reliance on the sale of vehicles as the only source and create better resilience in the long term.

Porter's Generic Strategies

Cost Leadership

Firms such as Kia and Dacia (Renault Group) under cost leadership compete by providing dependable vehicles at reduced prices, which allow them to snatch into value-conscious customers within economic uncertainty; in this case, the volume of sales at Dacia rose by about 8% in 2025 due to affordability in Europe, with an average

new car price still above the mark of €35,000, and Kia maintained high shipment volumes through competitive prices in 2025 (MarketsandMarkets, 2025).

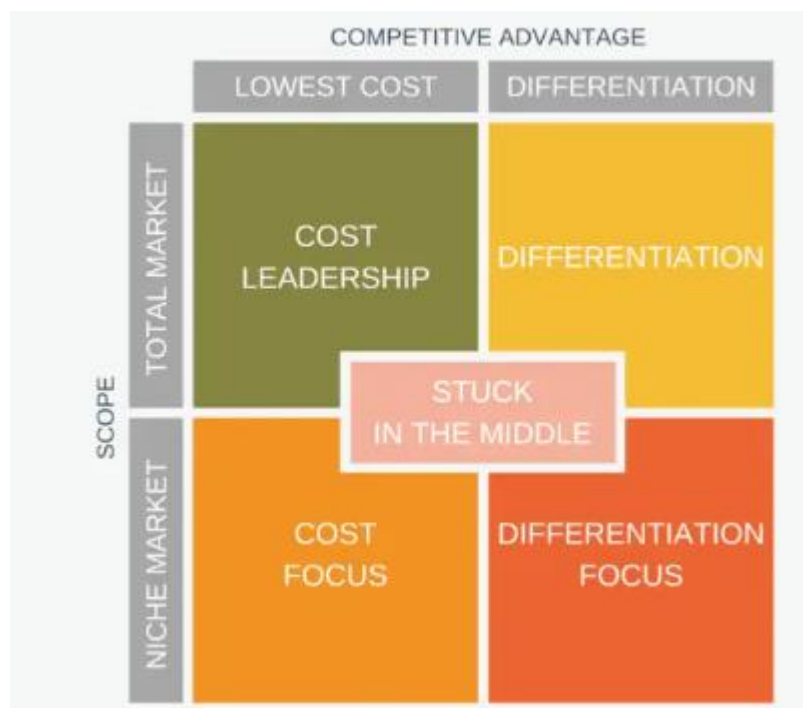


Fig 5: Porter's Generic Strategies

Source: (Expert Program Management, 2022)

Differentiation Strategy

Innovators like Mercedes-Benz and Lucid Motors seek differentiation as a luxury and technologically advanced product; Mercedes-Benz said that its electric vehicle sales increased more than twofold in 2025, with its EQ line reported to dominate nearly three hundred thousand deliveries (with more than two hundred thousand vehicles sold in 2025), and Lucid premium-priced electric vehicle deliveries surged by almost seventy% in 2025, compared to 2024, showing that luxury differentiation, with technology and positioning as a luxury and superior performance,

Focus Strategy

In focus strategy, companies focus on specialised segments; Porsche, which reports high-performance sports cars and luxury EV hybrids, found that its EV-oriented Taycan models continued to drive growth and customer loyalty amid the market

volatility, whereas Rivian, which reported over 60,000 units delivered in 2025, focused on specialised product portfolios of the electric adventure cars and SUVs (PwC, 2026).

3.2 Follower Organisations' Strategic Responses

Way follower organisations adapt their strategies to sustain competitiveness

Ansoff's Growth Matrix

Market Penetration

The enthusiasts boost sales in current markets by driving electrified variants and retention deals. Toyota, to 1,183,248 units in the U.S. electrified schools in 2025 (47 % of its own U.S. volume) by promotion and expanding access to hybrids/EVs, expanding its market share without pursuing new geographic expansion (S&P Global Mobility, 2026a).

Market Development

Entrants to new geographic markets or increase exports to diversify revenue- Renault invested in India (2025) of approximately US\$600 million to localize production and export operations to serve regional demand in 2025²⁶ with lower-cost manufacturing.

Product Development

They concentrate on product upgrades that are incremental (e.g. hybrids, affordable EVs) to stay on top of demand. In 2025 alone, Ford Motor Company sold an all-time high 228,072 hybrids (up by some 22%), an indication of a product-development focus on electrified versions of core models.

Diversification

Adjacent revenue streams and business models (subscriptions, mobility services) allow the followers to lighten vehicle sales as the vehicle subscription market was estimated to be approximately US 4.96 billion in 2025, and it provides followers with a scalable diversification path to recurring-revenue mobility services (Stellantis and other OEMs included).

Porter's Generic Strategies

Cost Leadership

Followers like Hyundai Motor Company and Kia focus on cost leadership by utilizing scale production and efficient global supply systems to provide vehicles at competitive prices. By 2025, the Hyundai-Kia group had sold more than 7 million vehicles globally, making it one of the largest sellers in the world, and allows the company to offer competitively priced vehicles despite average prices of vehicle transactions creeping over 48,000 in major markets, a trend that will help it in defending its volume against high-end competitors (S&P Global Mobility, 2026b).

Differentiation Strategy

Differentiation in mainstream segments is adopted by follower companies, such as Honda and Ford Motor Company, with sophisticated technologies applied to popular models, such as the 2025 hybrid and EV range by Ford, which led to a 22% increase in electrified vehicle sales, and Honda, which focuses on combining practicality and efficiency in the new range, which offers more differentiation than low-cost rivals without becoming entirely premium.

Focus Strategy

Companies like Subaru and Volvo Cars employ the focus strategy, where they target particular customer segments such as Subaru focusing on rugged, all-wheel-drive cars, and reporting a predicted market of about 750,000 vehicles globally in 2025 (Virta, 2025). With many of their buyers being dedicated lifestyle customers, and Volvo a niche in safety and Scandinavian design, with electrified crossovers, indicating how a focus positioning strategy can remain relevant even with comprehensive competition.

4.0 Conclusion

Key findings from both tasks

The discussion shows that the macro-environmental forces such as political regulation and economic conditions are fundamentally transforming the global automobile industry in 2025-2026. Tighter emission requirements, trade policy, and EV incentives are driving electrification faster, and high interest rates and uncertain consumer purchasing power are affecting the pricing, demand, and profitability. The article identifies evident differences between pioneering and follower organisations: pioneers use innovation, first-mover advantage and differentiation strategies to exploit the new EV growth, and followers depend more on cost efficiency, hybrid portfolios, market expansion and incremental innovation to maintain competitiveness. The use of strategic models like PESTEL, the Growth Matrix developed by Ansoff, and the Generic Strategies developed by Porter proves that resource capabilities, risk appetite and market positioning shape organisational responses. In general, being competitive in the modern automotive business is not only technologically competent but also strategic in relation to outside environmental changes.

Strategic significance of environmental scanning and adaptive marketing responses

Rapid technological disruption, regulatory transformation, and economic volatility have made environmental scanning to be a strategically critical aspect in the global automobile industry. Constant tracking of political mandates, consumer-income pattern, sustainability pressures and competitive-innovation enables companies to forecast risks and proactively respond by modifying product portfolios, pricing decisions and entry decisions to the market. Both pioneers and followers can stay relevant in a very competitive environment through adaptive marketing responses, which are dynamic pricing, electrified product development, geographic diversification, and niche positioning. Whereas in 2025-2026, industry development is medium with a faster structural transformation, companies that incorporate macro-environmental intelligence in their strategic marketing plans are in a better position to increase resilience, coping with uncertainty and long-term sustainable growth.

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