

ESSAY ON ELECTRIC VEHICLES IN EUROPE

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INTRODUCTION

Electrical vehicles are also known as EV, these are a kind of vehicles that uses electric motors as a fuel for propulsion (Frankenberger and Stam, 2019). This essay will lay emphasis on gearing up of electric vehicles, different forces shaping the business environment of car manufactures, changes that has already taken place which is giving companies competitive advantages and business opportunities of electric cars.

MAIN BODY

Overview

In last five years overall market of auto-mobile industry has successfully doubled. Continuous changes and invention within this industry has brought both positive and negative effect on this industry. As the disposable income of families is increasing there is rise in sales of automotive vehicles. Due to this various changes has been brought within this industry which has also helped in lowering the overall cost of vehicle. Today as per increasing demand of both two and four wheelers, luxuriousness and overall affordability of cars is been focused and is increased. Initially vehicles were made as per the demand and needs of the customers but today they are made as per desire, requirement and luxuriousness of people (Colmenar-Santos and et.al., 2019). Today more people are becoming environment friendly due to which many companies in this industry are trying to bring innovation and produce low emission vehicles such as electric vehicles as it is one of the most environment friendly vehicles that can be used by customers.

Forces shaping business environment of car manufacturing industry

There are various factors due to which changes within this industry has occurred and has helped in shaping this industry the way it is today. It can be explained with the help of PESTLE analysis.

PESTLE Analysis of international environment factors at work in the industry

Environmental factors due to which changes occur in this automotive industry can be explained with the help of PESTLE analysis. PESTLE analysis will show different ways environmental factors can affect this industry:

Political: it is one of the main factor that has a direct impact on this industry. Most of the governments today are supporting low emission vehicles and are making strict laws related to it. Due to these laws demand for electric vehicles had increased. All the automotive companies

need to adhere such rules and regulations and not only this all the vehicles that they produce need to pass government rules. Due to this, taxes on importing or buying luxurious vehicles is also increasing continuously. Every country has separate import/export laws which restricts importing or exporting of vehicles.

Economical: it is also an important factor for this industry. It is one of the main industry which is hit hard due to any kind of economic crises which directly impacts their vehicles sales and overall work within their companies(Qiao and et. al., 2019). Due to this most of the companies are trying to develop electric vehicles which will be in budget of their customers. Sales of vehicles completely depend upon demand of vehicles and purchase power of customers. These two are the main factors due to which economic factors affect this industry as companies in this industry are heavily dependent upon demand and purchase power of their customers.

Socio-cultural: Changing customers preferences or social cultural trends also affect this industry. Automotive companies need to adopt such changes and bring improvement within their products continuously if they want to increase the overall sales of their vehicles. Another reason for these changes is because taste and preference of people is also changing and as a result they are getting diverted towards buying electric cars (Khaligh and D'Antonio, 2019). Auto mobile makes also need to distribute their products and bring changes within them according to the age group of customers it has been launched for. They should make changes as per their target customer group.

Technological: It is one of the most important determinant of this industry which directly/indirectly affects the overall market share of the companies. Research and development, use of technology are important aspects of this industry. This advancement in technology has also supported the evolution of electric cars. This has also increased competition for already existing companies in this industry and more and more technology players are trying to enter into this industry.

Environmental: Almost all the companies today are becoming environment friendly because of which laws and legislation related to environment are becoming stronger and stronger. Laws for low emission vehicles are improving due to which companies in this industry are forced to improve their products quality so that low fuel consumption and low emission vehicles can be produced. All the vehicles need to pass low emission test only after passing certain criteria companies can launch their vehicles into the market.

Legal: There are various laws that are affecting overall performance and sales of the vehicles (Earl and Fell, 2019). Vehicles that are sold internationally, are subjected to various laws such as product quality and safety laws. In order to maintain the overall quality of vehicles, make it environment friendly companies are trying to manufacture electric cars. One of the most important law that has grown stronger is pollution law. In order to control carbon emission all the vehicles need to pass carbon emission law. Other than this there are various other laws such as tax laws, environmental laws, import/export laws, international market laws etc.

Changes in this industry and its reasons can also be explained with the help of porters five force model. This model will also help in the companies in this industry to analyse competitive environment which can help companies to gain competitive advantage.

Porters five force model

It is one of the most common framework that can be used by companies to analyse competitive market and attractiveness of the industry.

Threat of new entrant: It is a weak force with low threat (Fischer and et.al., 2019). New entrant has the least impact on already established companies as it is extremely difficulty for them to establish and develop their brand and its name. In order to develop brand it requires huge amount of cost. Other than this it also requires huge investment in order to do business. Other than this, it is extremely difficult of new entrants to enter into the market and sell electric cars. This is because customers who prefer buying electric cars prefer already established brand to buy such vehicles.

Bargaining power of buyers: It is a strong force with huge threat for automotive companies. This is because the switching cost is quite low as there are many companies that manufactures and sells electric cars due to which switching cost from one product to another decreases.

Threat of substitute products: it is a strong force with high amount of threat associated with it. Low switching cost increases competition. Due to this low switching cost there is an increase in substitute products. Many companies are focusing on manufacturing electric cars which is eventually increasing number of substitute products available in the market (Nykqvist, Sprei and Nilsson, 2019). Other than this overall performance of all the other substitute products is also same due to which it becomes a strong force.

Bargaining power of suppliers: It is a moderate force and threat associated with this threat completely depends upon the number of suppliers a company has or size of their suppliers. This

force is quite tricky to evaluate because threat associated with this force depends upon company to company i.e. if a company is completely dependent upon one supplier then the threat associated with suppliers is extremely high and if a company has many suppliers then threat associated with it is quite low.

Intensity of competitive rivalry: it is also a moderate force as competition within this industry is quite high but number of established competitors present within this industry are quite low. All the established competitors offer similar but competitive prices to their customers

Changes that may take place in the future and reason for such changes

One of the main change that may take place in future is that there will be a shift from petrol or diesel vehicles to gas or electric vehicles. More and more environment friendly vehicles will be produced and more development will take place in future for development of electric cars (de Rubens, 2019). Demand of electric vehicles will increase competition within the market in this industry. In future driverless electric cars can be introduced that can be modified as per the requirements of the customers. Other than this diesel or petrol cars can be banned in order to reduce pollution.

Reason due to which there is a drive towards the production of electric cars

The global market of electric vehicle car has been increasing in recent year, there are 3.1 Million of car in the global world which are more than 50% in 2016. In Europe Market is still dominated by the diesel vehicle but it has developed the electric car vehicles (Mounce and Nelson, 2019). According to automobile association, the market shares of Europe approx. 2% in 2018 and 30 % higher in 2017.

In this way, of electric vehicle production has rapidly increasing in global world and adopts the electric vehicles affected by government policies, consumer demand and government incentives. Plug-in electric vehicles are divided into the multiple type of battery vehicle that only run on batteries. It is combined with the battery power with the internal combustion engines. There are some common reasons which drive towards the production of electric cars in Europe.

Better for environment

It is better option to choose electric vehicle which help for reducing harmful air pollution from the emissions of toxic gases. It is the best source of renewable energy to recharge the electric car through charging stations. Many consumers can use to recharge the car through solar system during the day instead from grid.

Another reason for using the eco-friendly materials that help for maintaining the level of pollution which beneficial for increasing the demand and production of electric vehicle in EU. In this way, many customers are preferred to buy the electric car because it is made of recycled materials and its padding made of bio materials (Ziegler, 2019). It is also considered one of advance technology that can help for EU to cut the toxic emission during the life cycle of disposal, manufactures etc.

By using electric vehicle in EU, it has reduced the GHG emission level while it is main substantial contributor to the climate change. In this way, it is necessary to control the rate of emission which possible due to electric vehicle production in global markets. In this way, it has been rapidly increasing the revolution of electric car in the marketplace (Pedada, Arunachalam and Dass, 2019).

Electric vehicle helps in terms of energy security because Europe is dependent on the other countries for the import of petroleum so that Electric vehicle are easy to use the renewable energy resources. It will increase the opportunities of other start-up business to establish in global market such as branding and spraying, recycling and refurbishing of batteries etc.

Another reason to use electric vehicle in EU for reducing the noise level especially at lower speed, when it can produce the minimum noise. Generally Electric car have lower noise pollution which depends on the proportion of overall vehicles fleet and also consider the significant, it helps to control the noise level and become less harmful for people.

New emerging business opportunities for entrepreneurs and business executives for production and marketing of electric cars

A Smart entrepreneurs and business executives are beginning the position themselves to take benefits and advantage for emerging the global market. They have started for planning the strategies and structure that will help for developing the organization (Crane, Matten and Spence, 2019). Smart Electric car is one of good option to increase the enterprises opportunities which available in the automotive industry. For Example- It is much cheaper to start the electric car wash enterprises but it is expensive to set up the manufacturing business of electric vehicle.

Business Opportunities

Electric vehicle charging station is considered the most popular car business in Europe. In fact, it has required the vehicle to provide the space for enterprises to start their own business regarding charging enterprises. On the other hand, Electric vehicle repair and servicing is another

type of profitable business where entrepreneur successfully start own business. In Europe, there are large number of people use the electric vehicle on regular basis. it is also another reason for visiting the electric car repair so that they always use the electric vehicles.

Another type of profitable electric vehicle regarding the enterprise idea, an entrepreneur who are interested to start the business of branding and spraying. This type of business will help for entrepreneur to establish the workshop of electric vehicle. Many entrepreneurs choose the business of Spare parts of electric vehicle because it will be demanding in the market which provide the services of customers those who will use electric vehicle.

Recycling of electric car batteries are the best business opportunity for entrepreneur to start business related the electric vehicle. It is the best option to go towards the recycling and refurbishing the batteries. Before starting the business, it makes sure that business executive knows about how to get use and maintain the electric car batteries.

Businesses linked to the automotive industry

The automotive industry includes the different type of business beside for manufacturing. The organizations are focused on the parts that can use in electric vehicles such as car. The Rubber Fabrication business linked to the global automotive sector that may not be profitable for long term development. The rubber enterprise related to the automotive industry for making the parts of electric car such as seals, tires, wiper blades and belts etc. There are approximately 75% automotive sector may use the natural rubber to manufacture tiers of vehicles. It must produce and distribute the manufacture part of vehicle sell in wholesalers (Franken, berger and Stam, 2019).

Rubber is an essential material for electric vehicle manufacturing where it can have made tires which are important part of car. In additional to use the rubber for making different parts such as seals. It is durable and easy to modify as per requirement of vehicle manufactures. It has increases the demand of rubber in the automotive industry approximately 80% of rubber production. In this way, it can be identified the demand of rubber in global marketplace.

On the other hand, Mined Iron raw materials enterprises also linked with the automotive industry that can use the components in auto mobile manufacturing. Steel is mainly used to construct the body of vehicle such as door panels, roof and beam. The advancement of technology has enabled to the auto mobile manufactures for utilizing various type of steel that can differentiate the rigidity levels.

CONCLUSION

As per discussion, it concluded that electric vehicle is an advancement technology that control the overall environment through emission and other type of noise pollution. It has summarised that the major forces which help for shaping the enterprises' environment of car manufacturing industry. It also identifies the main reason why the production of electric car increases and link with the changes that have already placed in the industry. Furthermore, it can be identified the emerging business opportunities which may present to the entrepreneur. Moreover, it also analyses the current businesses that must link with the global automotive industry and may not be profitable in terms of long run to investment.

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