



Assessment component 1: Marketing Environment Analysis

Student Name: Shaikhul Alam Shanto

Student ID: 2504527

Module Name: Marketing Management

Module Code: LCMB7024

Lecturer Name: Dr Laila Maazouz (London)

Word count: 2569

Table of Contents

1. Introduction	3
2. Task One- Critical Analysis of the Macro Marketing Environment.....	4
2.1 Overview of the macro marketing environment.....	4
2.2 Selection of two external macro marketing actors	4
2.3 Critical analysis of each actor	5
2.3.1 Impact of technological advancement in Pioneering and Followers organisation	5
2.3.2 Impact of environmental sustainability in Pioneering and Followers organisation	6
2.4 Strategical implication of two macro actors in pioneering and follower organisations	7
3. Task 2- Strategic Responses of Pioneering and Follower Organisations	7
3.1 Strategic responses of the pioneering organisations	7
3.2 Strategic responses of the follower organisations	9
4. Conclusion	11
5. References	12

1. Introduction

Studying the macro environment is a significant part of marketing management that helps organisations to predict the changes in the market (Alawwad, 2024). This report aims to critically evaluate the impact of the macro marketing environment on organisations of the global automotive industry and analyses the way the pioneer and follower organisations of the industry react strategically to the external challenges and opportunities. The global automotive industry is characterised by high technological change, sustainability demands and evolving consumer tastes for which it will be the most appropriate industry to conduct the external marketing environmental analysis (Belz et al. 2025).

An in-depth analysis of the macro marketing environment helps marketing managers to identify and evaluate those factors that are out of control of the organisations and have major impact on the demand, innovation and competitive advantage. Models such as PESTLE analysis allow the marketing manager to systematically analyse the political, economic, social, technological, environmental and legal factors to identify these factors' impact on organisation's business operations.

Task one of this report examines two important external macro marketing factors (technology and environment) and their impact on the opportunities and threats of pioneer and follower organisations. Here, Tesla will be used as the pioneer organisation and Toyota has been selected as the follower organisation for the analysis. In task two, the strategic responses of these organisations will be assessed with the help of an appropriate strategic model, Ansoff Matrix.

2. Task One- Critical Analysis of the Macro Marketing Environment

2.1 Overview of the macro marketing environment

The macro marketing environment consists of the external factors that shape the strategic decisions, market behaviour and competitiveness of the organisation at a whole (Giniand Agala, 2023). These external factors can be analysed through a framework like Pestle analysis comprising political, economic, social, technological, legal and environmental factors (Khalid and Rahman, 2019).

Strategies of manufacturing and distribution of the automotive industry are directly impacted by the political and legal forces, such as the global carbon emission regulations and the trade policies (Meckling and Nahm, 2019). The cost of production and the purchasing power of the consumers is influenced by the economic factors such as inflation, fuel prices and supply chain fluctuations (Priyatna and Suryadi, 2025). The global automotive market is also being redefined by social forces like the changing consumer behaviour in favour of electric vehicles and the sustainability factor. Moreover, the most impactful macro factors of the automotive industry are technological innovation and eco-friendliness that stimulated the world transition towards electric vehicles. According to the report of Statista (2025), the global EV market is projected to reach \$993.0 billion by 2025 and also expected to have an annual growth rate of 2.36% from 2025 to 2030. Innovation leaders like Tesla use macro marketing forces to establish new market segments while follower companies like Toyota use it tactically to sustain its market share and brand equity.

2.2 Selection of two external macro marketing actors

For the analysis of external marketing actors of the global automotive industry, two external macro actors have been chosen, technological advancements and environmental sustainability.

Global electric car sales, 2014-2024

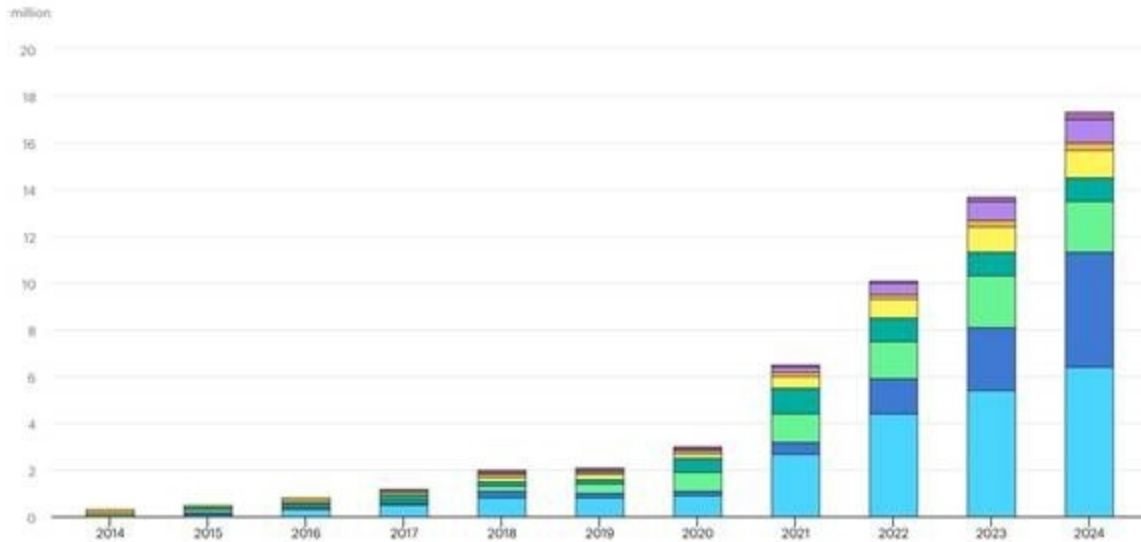


Figure 1: Global electric car sales 2014-2024 (IEA, 2025)

Technological factors can be considered as the most transformative factor of the global automotive industry as it has driven the automotive industry towards advanced automation, electrification and digital connectivity (Llopis-Albert et al. 2021). By the higher battery efficiency and AI integration in the automotive industry, global electric vehicle sales have reached 17 million which is an increase of 25% compared to the previous year (IEA, 2025). Moreover, strict environmental regulations are also shifting the global automotive industry towards sustainable mobility. The EU's target to reduce carbon emission by 55% for new cars and 50% for new vans largely influenced the automotive market towards sustainable products (Keyler, 2024).

2.3 Critical analysis of each actor

2.3.1 Impact of technological advancement in Pioneering and Followers organisation

Technological evolution can be considered as the most significant changes in the global automotive industry (Llopis-Albert et al. 2021). It has brought changes through electrification, automation, connectivity and digitalisation in the whole value chain. According to the report of (IEA, 2025), EV sales saw nearly 18 percent of all car sales in the world in 2024. In innovative companies like Tesla, technological innovation is the main driver behind their competitive edge. Tesla is currently operating under a direct-to-

consumer business model, end-of-the-air software updates and a driver-assistance program (Autopilot), which has made it a technology based automotive manufacturer (Thadani et al. 2023). Tesla works to integrate hardware innovation with digital ecosystem services such as Tesla Supercharger network and software integration shows that it does not follow the market trends, instead it creates them (Zhao, 2022). On the other hand, the follower firms such as Toyota have been more incremental when it comes to EVs. The delay in entering full electric vehicles by Toyota had been caused by a strategic emphasis on hybrids and hydrogen fuel cells that indicates its risk-averse strategy. However, Toyota has already stated that it will invest more than USD 35 billion in battery technology by 2025 and will introduce 30 new EV by 2030 (Kelly, 2021). This shows that the company follows the technological trends established by innovators to remain competitive.

Early movers such as Tesla take advantage as a first-mover which allows them to influence customer expectation and win the market as an early adopter. The followers like Toyota can enjoy the advantages of learning and opportunities to reduce costs by studying the errors of pioneers and their perfection and product efficiency.

2.3.2 Impact of environmental sustainability in Pioneering and Followers organisation

The growing concerns of the environment has largely affected the business operations in the global automotive industry (Fan and Iqbal, 2022). Governments of the European Union, United States and even in Asia have adopted strict standards on emissions to reduce the environmental harm. The European Union has already declared Fit for 55, which requires a 55-percent decrease in new cars CO² emissions by 2030 (European Union, 2024). These pressures have increased the shift towards electric and hybrid cars that are reshaping consumer values on sustainability. In pioneering companies like Tesla, environmental purposes have integrated into their corporate purpose as the company has the mission of accelerating the world to be sustainable. Closed loop battery recycling and making investments in renewable gigafactories make Tesla a brand of sustainability leader (Naor, 2022). This strong commitment towards the environment helped the company to enhance its brand image in the global automotive industry. Sustainability efforts by followers' firms like Toyota such as Toyota Beyond Zero initiative aims at

targeting carbon neutrality by 2050 through hybrids, plug-in hybrids, hydrogen fuel cells and EVs (Toyota, 2025). This strategy provides Toyota with flexibility with unpredictable regulatory conditions but it may face difficulties transforming its traditional production model towards sustainable.

Thus, Pioneering firms have reputational benefit as well as appeal to consumers who prioritize eco-sustainability and followers have the difficult task of remaking historical systems of production and supplier networks. The expensive nature of the sustainable transformation can put the profitability of follower firms under pressure.

2.4 Strategic implication of two macro actors in pioneering and follower organisations

By following the macro factors, innovation and market knowledge is crucial for pioneering firms. According to the report of Macrotrends (2025), Tesla has invested \$4,540 million in R&D in 2024. Its system of vertical integration such as owning software, batteries and distribution can serve as the example of how the pioneers keep control over their value chain by agility. The marketing strategy of Tesla focuses on differentiation and market leadership. On the other hand, the followers like Toyota would have to balance between cost-effectiveness and brand consistency (Czinkota et al. 2021). Toyota's strategy on capitalising the proven demand of EV by the pioneers shows the company's strategic trade-off between leadership and risk reduction. Tesla predicts the future trends and creates a new model of its business accordingly. Toyota on the other hand, uses its high level of reconfiguring and uses its current strengths to survive in the new market conditions.

3. Task 2- Strategic Responses of Pioneering and Follower Organisations

3.1 Strategic responses of the pioneering organisations

The pioneering organisations are usually the initial ones to launch new products, technologies or concepts into the market that can often redefine consumer expectations and the industry standards (Liu et al. 2019). In the global automotive industry, Tesla can be considered as the innovator as it has transformed the concept of electric mobility, self-

driving and the use of sustainable energy. Tesla's strategic responses towards the external changes and opportunities are critically evaluated below:

Application of Ansoff Matrix on Pioneer organisation (Tesla)

Ansoff Growth Matrix helps organisations to analyse the growth opportunities by focusing on four strategies (Zugay and Zakaria, 2023). Tesla's strategic responses are analysed below by using Ansoff matrix:

- *Product Development:* Tesla continuously works to upgrade its existing products through performance improvements, software upgrades and design upgrades. The introduction of the Cybertruck and intended Robotaxi fleet shows Tesla's consistency in product development (Broekman, 2025). Launch of Full Self-Driving (FSD) Cybertruck and new 4680 battery technology also demonstrates that Tesla is being proactive and adapting to technological changes and environmental concerns (Connection, 2023). Tesla has disrupted the automotive market through advanced technology that is not only based on electric powertrain but also through software-focused customer interfaces, ai based driving systems and direct-to-consumer digital sales strategies.
- *Market Development:* Tesla has been actively investing into emerging markets such as India and Southeast Asia which indicates organisation's market development initiatives (Huang, 2023).
- *Diversification:* Tesla is not only an auto manufacturer but also a sustainable energy conglomerate. It focuses on continuous software updates, predictive maintenance and its own charging network shows that the company has created a unique customer ecosystem. Tesla has diversified its market through the higher investment in R&D which was \$4,540 million in 2024 (Macrotrends, 2025). Tesla's Energy diversification makes its brand image much stronger instead of being a car company.

Agility and Dynamic Capabilities

Tesla has the abilities of opportunity sensing, seizing and transforming which is the core in its continuous advantage. Vertical integration of its supply chain such as production of batteries, software and even production equipment helps Tesla to reduce the external risks of the shortage of raw materials and dependency on a supplier. Tesla's

Gigafactories in Texas, Shanghai and Berlin helping the company to fulfil the increasing demand of EVs as well as to comply with the environmental compliance (Cooke, 2020).

Sustainability and Marketing Accordance

Tesla's message to speed up the process of turning the world green through its mission statement shows that it is environmentally concern by which it becomes able to attract environmentally aware consumers (Nygaard, 2019). Such activities indicate Tesla's focus towards improving the corporate social responsibility (CSR) by ethical and ecological undertakings that will enhance the loyalty of customers.

3.2 Strategic responses of the follower organisations

As compared with pioneers, follower organisations tap into the existing markets only after the first phase of innovation and capitalise on the proved knowledge, market acceptance and technological structures developed by the pioneers (Heinonen and Karjalainen, 2019). The technological and environmental changes in the industry also lead Toyota as a participant in the electric vehicle (EV) segment to be strategic but conservative to any changes. Toyota's strategic responses as a follower organisation are analysed below:

Application of Ansoff Matrix on follower organisation (Toyota)

Toyota's strategic responses are analysed below by using Ansoff matrix:

- *Market Penetration:* Toyota optimises its current markets of hybrid engines by providing better versions with better fuel efficiency and connections (Sulaiman et al. 2018).
- *Product Development:* Toyota can be considered as the pioneer in the hybrid technology automobile (Mustafi, 2021). Toyota \$35 billion investment in new EV platforms, batteries and AI-integrated cars shows that the company is shifting to electric mobility (Kelly, 2021).
- *Market Development:* Toyota focuses on the growing markets like southeast Asia and Latin America where a hybrid version is more practical in addition to charging alternatives.
- *Diversification:* Toyota is emphasising mobility services, telematics and smart city initiatives through its subsidiary Toyota Connected as a part of which it has launched the Toyota Woven City (Ito and Kato, 2025). While Tesla concentrated on BEVs, Toyota has focused on a multi-technology strategy that includes hybrids,

plug-in hybrids, hydrogen fuel cells and other new BEV models. The approach mitigates overreliance on a single technology and guarantees flexibility in operational environments in markets. Toyota is also working to achieve a carbon-neutral status in 2050 in its Beyond Zero initiative which complies with the trends of environmental sustainability (Toyota, 2025).

Strategic adaptation to changes

Changes in the technological and environmental forces influences follower organisations to strategically adapt in the industry (Singh and Jha, 2024). Toyota reacted towards the technological advancements through the strategic alliances such as solid-state battery with Panasonic and EV platform sharing with Suzuki. These types of alliances are showing a good collaboration innovation approach of the company which decreases the costs of R&D and increases technological power. Moreover, Toyota has been strongly implementing the principles of the circular economy like recycling of materials, re-use of components, reduction of waste and green marketing on a practical front (Bongianino, 2025).

Balancing between risk and adaptability

The major issue that Toyota is facing being a follower is the need to balance between innovation speed and operational efficiency. Even though pioneers have more R&D risks, followers have to know the optimum time of adoption. The 2025 to 2030 plans of Toyota include a gradual shift into EVs that is supported by the use of hybrid profits to finance the long-term electrification of the company (Royal, 2025). This conservative and fact-based method provides flexibility against risks of uncertainty in the macroeconomic variables like the cost of raw material and the changes of the energy prices. Moreover, this approach of Toyota represents the Resource-Based View (RBV), which helps to utilise the company-specific advantages such as competence in manufacturing, control in production and worldwide distribution to transform the external opportunities into company advantages.

4. Conclusion

The analysis of the macro marketing environment of the global automotive industry shows the significance of this analysis to create organisational strategy and improve overall performance in the competitive environment. Applications of frameworks like Pestle, and Ansoff Growth Matrix has shown the way these macro forces (technological advancements and environment sustainability) have influenced the pioneering and follower firms to innovate, adapt and reposition themselves in the industry. In the case of pioneering organisations such as Tesla, success is based on proactive innovation, differentiation and being able to forecast the future trends of the market. Tesla has leveraged macro-environmental change to its competitive advantage by making sustainability and digitalisation a part of its core strategy. On the other hand, the strategic approach of Toyota as a follower organisation shows its operational excellence, economies of scale and multi-path sustainability plans to remain competitive and manage risks. The comparative analysis shows that both pioneering and follower organisations' strategy is viable but contextual. While Pioneers would have agility and innovation leadership, followers would have the benefits of stability and learning. The most crucial factor of success lies in the capability of every firm to constantly evaluate the external environment, to detect new opportunities and threats and to re-align marketing strategies with the changes. Finally, the analysis highlights the importance of strategic environmental analysis that is an essential source of long-term competitive edge and organisational strength in the international automotive industry.

5. References

- Alawwad, A. (2024). The influence of external factors on corporate strategy and strategies for adaptation in light of the global challenges. *International journal of financial, administrative, and economic sciences*, 3(10), 91-125.
- Belz, F. M., Peattie, K., and Onel, N. (2025). *Sustainability marketing: A global perspective*. John Wiley & Sons.
- Bongianino, A. (2025). *Circular Economy in the Automotive Industry: a Study on End-of-Life Vehicles Management and Circular Economy Strategies* (Doctoral dissertation, Politecnico di Torino).
- Broekman, N. (2025). Toward Safe and Scalable Autonomy: A Comprehensive Review of Technologies, Deployments, and Challenges in Autonomous Driving. *Transactions on Computational and Scientific Methods*, 5(4).
- Connection, K. (2023) *The cybertruck took four years to deliver, but it could Mark Tesla's leap into a new technological era*, KrASIA. Available at: <https://kr-asia.com/the-cybertruck-took-four-years-to-deliver-but-it-could-mark-teslas-leap-into-a-new-technological-era> (Accessed: 07 November 2025).
- Cooke, P. (2020). Gigafactory logistics in space and time: Tesla's fourth gigafactory and its rivals. *Sustainability*, 12(5), 2044.
- Czinkota, M. R., Kotabe, M., Vrontis, D., and Shams, S. R. (2021). Designing effective promotion and advertising strategies. In *Marketing Management: Past, Present and Future* (pp. 553-606). Cham: Springer International Publishing.
- European Union, C. (2024) *Fit for 55 - consilium.europa.eu - european union, European Council*. Available at: <https://www.consilium.europa.eu/en/policies/fit-for-55/> (Accessed: 06 November 2025).
- Fan, W., and Iqbal, M. (2022). Economic, Social, and Environmental Determinants of Automotive Industry Competitiveness. *Journal of Energy and Environmental Policy Options*, 5(4), 36-43.
- Gini, K. B., and Agala, H. O. (2023). The Impact of Macro-Environmental Factors on Business Performance. *International Journal of Research and Innovation in Social Science*, 7(11), 1837-1843.

- Heinonen, S., and Karjalainen, J. (2019). Pioneer analysis as a futures research method for analysing transformations. In *Anticipation, agency and complexity* (pp. 61-77). Cham: Springer International Publishing.
- Huang, N. (2023). *Emerging Markets Penetration Strategy in the Deglobalization Era-A Case Study of the NEV Industry in Southeast Asia*. Massachusetts Institute of Technology.
- IEA, O. (2025) *Trends in electric car markets – global EV outlook 2025 – analysis - IEA, International Energy Agency*. Available at: <https://www.iea.org/reports/global-ev-outlook-2025/trends-in-electric-car-markets-2> (Accessed: 05 November 2025).
- Ito, H., and Kato, K. (2025). Redefining Toyota's Woven City as a "glocal" innovation ecosystem for integrated sustainable development. *Journal of Innovation and Entrepreneurship*, 14(1), 37.
- Kelly, T. (2021) *Toyota commits \$70 bln to bolster electrification, shares rally | Reuters, Reuters*. Available at: <https://www.reuters.com/business/autos-transportation/toyota-says-have-30-battery-electric-line-up-vehicles-by-2030-2021-12-14/> (Accessed: 06 November 2025).
- Keyler, L. (2024) *The state of emissions reduction in the automotive industry, RSM Global*. Available at: <https://www.rsm.global/insights/state-emissions-reduction-automotive-industry> (Accessed: 05 November 2025).
- Khalid, L., and Rahman, I. (2019). Conceptual model for the external factors affecting project performance using PESTLE factors. *Jour of Adv Research in Dynamical and Control Systems*, 11(3), 246-250.
- Liu, P., Ravenscroft, N., Ding, D., and Li, D. (2019). From pioneering to organised business: The development of ecological farming in China. *Local Environment*, 24(6), 539-553.
- Llopis-Albert, C., Rubio, F., and Valero, F. (2021). Impact of digital transformation on the automotive industry. *Technological forecasting and social change*, 162, 120343.
- Macrotrends, C. (2025) *Tesla Research and Development Expenses 2011-2025: TSLA, Macrotrends*. Available at: <https://www.macrotrends.net/stocks/charts/TSLA/tesla/research-development-expenses> (Accessed: 07 November 2025).

- Meckling, J., and Nahm, J. (2019). The politics of technology bans: Industrial policy competition and green goals for the auto industry. *Energy policy*, 126, 470-479.
- Mustafi, N. N. (2021). An overview of hybrid electric vehicle technology. *Engines and Fuels for Future Transport*, 73-102.
- Naor, M. (2022). Tesla's circular economy strategy to recycle, reduce, reuse, repurpose and recover batteries. In *Recycling Strategy and Challenges Associated with Waste Management Towards Sustaining the World*. London, UK: IntechOpen.
- Nygaard, B. (2019). Driving Towards a Greener Future: A qualitative study of Tesla owners' green practices in a Danish Context.
- Priyatna, H. N., and Suryadi, I. (2025). Facing Global Inflation: Economic Strategies to Strengthen People's Purchasing Power. *MSJ: Majority Science Journal*, 3(1), 73-81.
- Royal, I. (2025). *Adapting to the Hybrid-Electric Shift—Recommendations for Automakers & Automotive Retailers* (Doctoral dissertation, Worcester Polytechnic Institute).
- Singh, A., and Jha, S. (2024). Navigating strategic leadership: Unraveling the dynamics of technological innovation in organizations. In *Review of technologies and disruptive business strategies* (pp. 205-227). Emerald Publishing Limited.
- Statista, C. (2025) *Electric vehicles - worldwide: Statista market forecast, Statista*. Available at: <https://www.statista.com/outlook/mmo/electric-vehicles/worldwide?srsId=AfmBOor115YHnI7il3snP8xBppzmsRd6hHZ-2BOdemVTNrhKp83Sg5lQ> (Accessed: 05 November 2025).
- Sulaiman, N., Hannan, M. A., Mohamed, A., Ker, P. J., Majlan, E. H., and Daud, W. W. (2018). Optimization of energy management system for fuel-cell hybrid electric vehicles: Issues and recommendations. *Applied energy*, 228, 2061-2079.
- Thadani, T., Siddiqui, F., Lerman, R., and Merrill, J. B. (2023). Tesla drivers run Autopilot where it's not intended-with deadly consequences. *The Washington Post*, NA-NA.
- Toyota, C. (2025) *Our Path to Carbon Neutrality, Toyota*. Available at: <https://www.toyota.com/usa/environmentalsustainability/carbon/our-path-to-carbon-neutrality> (Accessed: 06 November 2025).
- Zhao, X. (2022). *Preferences and Investments in Electric Vehicle Fast Charging: A Study of Tesla's Supercharging Network*. Working paper.
- Zugay, B., and Zakaria, R. (2023). *Ansoff matrix*. SAGE Publications, Inc.