

# Pestle pestel analysis of ford motors: shifting towards electric automobiles to c...

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Ford Motors is a popular automobile brand. It offers a line of electric and hybrid electric vehicles. They've also invested heavily into the self-driving car market. And they're driven to make their vehicles more energy efficient.

But it's not all sunshine and flowers for the brand. Ford has a history of vehicle malfunctions. They also struggle to maintain high sales in some regions. This PESTLE analysis of Ford Motors explains these points further.

Recommended read: SWOT analysis of Ford

### **Political factors: Instability in European Countries**

Ford has stronger sales in Asian countries. In fact, in 2016, the company sold their one-millionth vehicle in the Asia Pacific region. This market continues to be both strong and stable for Ford Sales. One reason for this is because the political climate is sturdy. And that typically means the economy is likely to follow suit.

It's not like this in Europe. Their political situation isn't nearly as stable. And Ford hasn't had the same level of successful sales here as in Asia.

Unfortunately, this isn't in the company's control. They can hope the European political landscape changes. In the meantime, Ford will likely concentrate more efforts in countries with stable political backing.

Asia is one of these locations because their economy remains stable. And Ford can fulfill supply and demand with less resistance. Such as problems with their supply chains. It's difficult to predict sales and profits with international businesses. Suddenly, new tariffs are introduced. Or exporting and importing is cut off.

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Changes like this are drastic and reflect against the economy. And that makes it more difficult for Ford to do business.

### **Economic factors: International trade and foreign vehicles**

The recession has long passed, and since then, Ford has witnessed sale improvements. In some ways, we can thank China and India. Both countries trade products and materials openly with others. China and India have a large population and never-ending product demands. This is promising for Ford vehicle sales.

However, open international trades isn't always a good thing. We're seeing an increase in foreign vehicle brands hitting the market. It's causing massive saturation in this market. These days, car brands can only stand out if they have a niche — luxury, reliability, or electric for example. Ford is known for their reliable, sturdy vehicles. Their brand name is well-known around the world. Unfortunately, relying on name alone isn't enough to move sales anymore. Not when competitor vehicles are popping up everyday.

Luckily, because the economy is more stable than in previous years, it also means consumers have more spending money. With more cash in their wallets, they can make big purchases. Like a brand new vehicle. In many cases, a car is as much a necessity as it is a luxury. Ford can benefit from providing a line of both — affordable vehicles and luxurious ones — to improve diversity.

## **Social factors: Saturation and electric vehicles**

You can find the car of your dreams on the market. And it's not necessarily offered by Ford Motors.

The market is saturated with all types of cars. From trucks to vans, ranging from unattractive but reliable to tech-infused and luxurious. In some cases, consumers have too many options. And that makes it harder for Ford to stand out.

At least we're seeing a rise in eco-friendly automobile consumers. These guys are leaning towards electric cars. At the moment, Tesla is the first name you think when electric cars are brought up. What they offer isn't perfect though; unless you're living comfortably, a Tesla is a bit out of your budget.

Still, that only means other companies will arise to offer a low-middle class electric car option. Ford has already branched into this market with a few specific fully and hybrid electric cars. It's welcome because it forces competitiveness against Tesla.

## **Technological factors: Investments in autonomous cars**

Younger people are expecting their cars to be decked out with technology. Bluetooth, Wi-Fi, rear view cameras, and more. Some cars can now parallel park without assistance from the driver. Although these are expensive additions, having windows you roll up by hand or no way to connect your phone to sound system turns off consumers these days.

Ford actively adds new technology to their vehicles. It's an expensive cost, though. Because technology is constantly rendered obsolete. That means after six months to a year, the technology in a car can be "old". And this can reduce the value of the vehicle. Ford has to balance adding technology while also ensuring it isn't redundant by the time it reaches the public.

And then there's driverless cars.

Autonomous vehicles able to drive you from one place to another without a human behind the wheel. Companies like Tesla and Google are leading the development of these vehicles. Some companies are standing on the wayside, waiting to see how this turns out. But not Ford.

They've invested more than \$1 billion to create their own army of autonomous cars. By 2021, you may even see these cars on the road. Ford wants to be a leader before this market takes off. It's an exciting shift in driving. And if you're not investing, you'll likely be left behind.

### **Legal factors: Faulty car parts**

Laws and regulations affect Ford in a multitude of ways. From labor laws, employee salaries, and safety inspections for their vehicles. Ford is especially conjoined to quality and safety regulations. If their vehicles fail these tests, they won't be put on the lot. But even then, it can still have issues. Ford is actually known for this.

Ford has issues with faulty vehicle parts. Ford vehicles have had problems with their fuel systems, airbags, and transmissions. However, within the last few years, Ford has focused on remaining legally and ethically compliant.

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With so many car options on the market, consumers don't need much reason to shift car brands.

## **Environmental factors: The Focus Electric and Fusion Hybrid**

Vehicle companies are focusing more on being eco-friendly.

Some are investing in making electric and hybrid electrical automobiles.

These new types of vehicles have low to zero impact on the environment.

This is where Ford has put their manufacturing focus; on both electric and hybrid vehicles.

The Focus Electric and Fusion Hybrid are just two electric lines they offer.

The company is committed to adding onto these lines and delivering more vehicles to be energy efficient. A smart move, considering how big the environmentally friendly community is growing.

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