

General motors swot analysis

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General Motors Corporation (GM) is primarily engaged in the production of vehicles. It designs, manufactures and markets car, trucks, and other automobile parts all over the world. GM has a strong brand portfolio gives it significant competitive advantage. However, sustained decline in light vehicle sales as a result of increasing durability of vehicles and weak economic conditional pressure on the overall performance of the company.

Strengths:

Global presence, GM was the leading auto manufacturer in terms of sales for 77 years until 2007. The business has grown its presence in the world and is now operating in 157 countries, while its Chevrolet brand reached world record sales (4.95 million units). New vision and strategy, after 2008 bailout, GM has experienced major changes and reorganized the way it does business. New members were appointed to the firm's management team with Daniel Akerson as the CEO.

He shook GM's bureaucratic organizational culture and introduced new strategy and visions to the business. GM became smaller but leaner and is becoming more. Strong brand portfolio, GM currently sells 18 automobile brand to satisfy as many customer needs as possible. The most popular brand are Cadillac, Buick GMC, and Chevrolet that sells very well in USA and China. Chevrolet reached global sales record and sold 4.95 million units in 2012. Strong presence in China, China is the largest automotive market and is an emerging economy that grows steadily. It is also the second largest market for GM in terms of vehicle units sold.

An early entrance into China, well performing partnerships and local Buick brand are the main reasons why GM has a strong position in China's automotive market. Knowledge of home market, GM is the largest car manufacturer in US and currently holds more than 18% market share. This is mainly due to extensive knowledge of US market and its consumer. 4 well performing brands, GM's has one of the highest cost structures compared to all automobiles manufacturers. GM's Cadillac, GMC, Chevrolet, and Buick are among the best-selling brands in US and China and brings in more than 80% of all General Motors sales.

Weakness:

High cost structures, GM has one of the highest cost structures compared to all automobiles manufacturers. GM costs are driven by its generous employee compensation and pension plans. Although GM has reduced its cost after 2008 it still has a lot to do to become cost competitive. Brand dilution, GM controls 18 automobile brands that vary in quality and are sold in separate markets. With so many brands in sales, customers find it hard to identify which brand belongs to GMfamily, as only one of 18 brands carry GM letters.

The result is lower GM brand awareness. Bureaucratic culture, before reorganization in 2008, GM was infamous for its rigid culture and structure. Since then, the company has made some cultural and structural changes but should continue improving as it isn't as quick as its competitors in reaching to constantly changing environment. Car recall, last year, General Motors recalled 119, 000 pickups due to missing hood latch. The same year it had to recall its Chevrolet Volt and fix battery problems. Recalls are <https://assignbuster.com/general-motors-swot-analysis/>

expensive and damages brand reputation, especially when the company announces them so often.

Opportunities:

Positive attitude toward “green” vehicle, today consumers are more aware of the negative effects (air pollution) caused by cars fueled by petrol and diesel. Large quantities of CO₂ emission intensity greenhouse effect, and negatively impact the life on earth, and thus, consumers are more likely to buy new hybrid and electrical cars that emit less CO₂. Increasing fuel price, increasing fuel prices open up large markets for GM’s hybrid and electric cars as consumers shift toward cheaper fuel types. Changing customer needs, by introducing new cars models, General Motors would be able to meet changing customer needs for smaller and more fuel-efficient cars. Growth through acquisitions, GM has successfully acquired many car companies in the past and should continue doing so to gain new skills assets and access to new market.

Threats:

Fluctuating fuel prices, due to increasing extraction of shale gas, future fuel prices should drop and make electric and hybrid cars less attractive. GM would treat the project of hybrid and electric cars as losses, rather than perspective future cars. On the other hand, steeping fuel prices would make current GM models less attractive to cost conscious consumer lower amounts of fuel. New emission standards, a new wave for stricter regulation on vehicle emission standards may negatively affect GM’s finances. The

corporate would have to invest large amount of money to comply with these new standards.

Rising raw material prices, rising prices for raw metals will lift the cost for auto manufactures and result in squeezed profits for the companies. Intense competition, for 77 years from 1931 to 2007, GM led global sales of vehicles, but lost its position in 2008 due to increased competition of cheaper and better quality cars, especially from Japan and South Korea. Exchange rates, China are GM's second largest market and the business earns huge profits there. Exchange rate fluctuations threaten GM's profits if the dollar would appreciate against Chinese renminbi.