

Introduction this, a surviving beetle shaped car was

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Introduction Pest Analysis or P. E.

S. T stands for Political, Economic, Social, Technological. These are the external factors that affect the business environment. Pest Analysis was created by Harvard professor Francis Aguilar in 1967. P.

E. S. T can work on its own accord or by other means such as Swot Analysis. (Post, 2017) The company we have chosen as part of our management assignment is Volkswagen AG. The Volkswagen group was founded in 1937 in Berlin as the Gesellschaft Zur Verbreitung des Deutschen Volkswagens mbh or in English “ the limited company for the preparation of the German people’s car”, it’s popularity and reputation in the automotive industry is outstanding. A brief history of the company. In 1934, Adolf Hitler ordered for car manufacturers to have a basic vehicle capable of transporting two adults and 3 children.

The original Volkswagen Beetle cost 990 Reichsmarks, the typical working class german family earned 32 Reichsmarks per week, setting aside 5 Reichsmarks per week in an early savings stamps book, when the book was full you could own a Volkswagen beetle, but if you failed to pay on just one stamp, the savings book would become void, by 1938 when the factory came online and the people of Germany were filling in to the reichmark stamps, little did they know that the whole stamps scheme was a giant con, resulting in thousands not receiving their car, this was because, Adolf Hitler was taking the stamps to fund World War 2, Adolf hitler used the factory to create and fund production of the Volkswagen Kubelwagen and the Volkswagen Schwimmwagen each based on the Volkswagen beetle. Adolf Hitler was also

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known to be funding his weapon v91 flying bomb via funding from the stamps savings, the allies found the location of the factory and struck, the allies stormed the factory for parts, but to no avail, it was thought that the peoples car was finished. Then Major Ivan Hirst of the british army arrived at volkswagenwerk in 1945, in which he was determined to use the factory for production of cars for the allied forces, the factory had been destroyed, among all this, a surviving beetle shaped car was found, Ivan and his soldiers repaired this car and sent it off to England for evaluation, England responded with an order for 20000 units, and so the Volkswagen Beetle finally came to the people of germany and the rest of the world. (Whitter, 2014)Reasons for choosing Volkswagen AG. We have chose Volkswagen AG because it is the second biggest car manufacturing comany behind Toyota,. Another reason is that of the emissions scandal which made headlines worldwide when Volkswagen cheated their emissions reports on over 1 million new vehicles since 2009. The Volkswagen group consists of 12 principal manufacturers across Europe.

Most notably the Volkswagen group has ownership of Audi, Lamborghini, Ducati, Bentley Motors, Bugatti Automobiles, MAN SE, Porsche, Scania, SEAT, Škoda Auto, Volkswagen Commercial Vehicles, Volkswagen Marine, Here(Navigation Systems). (Volkswagen Group)Political Factors of The Volkswagen Group. Due to Volkswagen being such a big company, it operates worldwide, and in this case, it obviously has to deal with different regulations of those countries, Volkswagen's political situation in Europe would be different in The United States. Political Incentives on taxes with

trading internationally, increased regulations on quality control of parts and rigorous testing of the vehicle's emissions, due to the emissions scandal. After the emissions scandal came to light, there has been increased pressure in the ways that they test their vehicles, such as not being able to remove side mirrors and reducing cracks in doors in order to boost ratings will not be allowed. (OROSCHAKOFF, 2015). Many other automobile companies across the world want to "pitch into" the automobile sector and in this sense, Volkswagen has either taken over or joint ventured with an auto manufacturer in that country for example, Volkswagen joint ventured with the SAIC motor company in China under the name of Shanghai Volkswagen name owning 50% of the market share. Economic factors of Volkswagen.

Volkswagen employees more than 600, 000 people worldwide, with 464, 000 employees in Europe, and 162, 000 employees in the rest of the world (staff, 2016)The European recession greatly affected the sale of Volkswagen, since people were not buying new cars. Because of this Volkswagen has decided to offer lower segment cars (cars that are of lower value) to appeal to those that are financially strained, whereas, in China, Volkswagen offers Chinese specific market only models such as: The Audi A8L, Volkswagen Phideon.

Social factors of VolkswagenFrom our research, Volkswagen does attempt to deal with their social responsibilities through a series of projects. From what we have read online and directly from the Volkswagen website these projects promote culture and art, education, science, health, and sport Volkswagen is a company with the global market this means they have

responsibilities to the global society which they have recognized can't be fulfilled with just contributions to charity.

Instead, they recognize, it takes all long-term commitment which needs to be continuously monitored, identified and dealt with. The projects selected by Volkswagen reflect a reasoning and advanced thinking based on two core elements that are: Applying linkages to improve the environment rather than just following the latest fashions. Creating structural developments as sources of economic and social stimuli and giving stakeholders opportunities for involvement. Volkswagen undertakes and supports international projects that reach key guidelines.

These guidelines ensuring that: That Volkswagen Group's principles are addressed in an intended manner while addressing local or regional issues that affect their global market. They show the different personalities within the Group as well as considering the social environment where the projects are intended to take place. They derive from an intense stakeholder dialogue with local players, those actively involved in project realization, and Their project management takes place locally and is the responsibility of the unit's active at that location (Volkswagen, 2017). Technological Factors of Volkswagen Volkswagen in 2016 began implementing changes regarding the technical solutions for models affected in Europe. For 1. 2-litre and 2. 0-litre diesel productions, they expect that it will take around 30 minutes to apply a software update that will meet Volkswagens objectives to achieve lower emissions targets that are more economy friendly without affecting engine output, fuel consumption, CO2 emissions or performance (Himmer, 2017).

SWOT Analysis of Volkswagen
Strengths of Volkswagen
From our research Volkswagen's future program TOGETHER - Strategy 2025 is one of Volkswagen's biggest and most recognizable strengths. Volkswagen began its biggest process of change in its history. Its vision is to be the leading provider sustainable mobility in the world. Volkswagen has aimed by 2025 to:

1. Be excellent employers of highly skilled staff
2. Be a role model in the way they attempt to address environmental, safety and integrity issues.
- 3.

Have competitive profitability

4. Excite customers with their goods, services, and approach.

Weaknesses of Volkswagen.

As mentioned before, the Volkswagen emissions scandal deteriorated its reputation, when Volkswagen cheated their emissions on their diesel engines made their sales plummet, resulting in Volkswagen to report it's largest annual loss in 2015. (Mcgee, 2017)

Opportunities of Volkswagen
When it comes to opportunities, we find that Volkswagen can expand greatly if they were to invest their time and money into Hybrid/electric vehicles, we also find that due to public transport being more common it would seem logical for the company to look into commercial buses, as well as this, during our research we found that Volkswagen only has few commercial buses and trucks available. Apart from Volkswagen owning the luxury supercar brands such as Lamborghini, Porsche, Bentley and Bugatti, Volkswagen itself has not got a high-end sports car lineup, at one time they did build a concept sports car but it never made it to production (Volkswagen W12)

Threats of Volkswagen.
as more and more automotive companies are opting for new

eco-friendly engines, Volkswagen faces the threat of not having enough eco-friendly engines (hybrid/electric) while researching, we found that Volkswagen has very few hybrid electric models in its range, whereas Toyota has many hybrid/electric vehicles to offer. We find this as a threat to Volkswagen as they can lose out in the future if they do not invest their time and money into research and development of these hybrid/electric models.

Five forces analysis Powers of supplier the bargaining power of suppliers is relatively low when it comes to Volkswagen, this is because most suppliers are very similar, as a result of this, this also indicates that switching costs are also low, if for instance Volkswagen becomes dissatisfied with one supplier, they can easily switch to another. Although there are little to no substitutes resources as vehicles require specific inputs to operate. In one case in which a supplier had stopped supplying parts to Volkswagen due to a dispute over Volkswagen cancelling a €500M order which resulted in 6 factories coming to a halt in 2016 (myFT, 2016) Volkswagen's F. A.

S. T (Future Automotive Supply Track) will help the Volkswagen group enable and plan its global strategies with suppliers and optimize project and launch management. Intensity of Rivalry The intensity of rivalry when it comes to Volkswagen is very high, this is due to cars becoming less of a luxury, there are many automobile manufacturers apart than Volkswagen that the consumer can choose from if the expectations of Volkswagen are not met. Whereas Volkswagen falls down on sporty vehicles to the likes of BMW and Mercedes-Benz, Audi (one of Volkswagen's Marques) will pick up on with its sporty Quattro Range. With so many car companies that consumers can

choose from it is clear that the intensity of rivalry towards Volkswagen is very high. Power of consumers: Although Volkswagen has a vast collection of Marques, there are a large amount of brand substitutes, however, consumers rarely purchase large quantities of cars in bulk, large firms/government have slightly more power when purchasing large quantities .

Volkswagen has loyal customers, customers dedicated to only owning a Volkswagen (or a Volkswagen Marque such as Audi) the Volkswagen Golf captured audiences back in the late 70's and early 80's by targeting consumers with a light cheap run-around, and so those customers would very likely still be driving a Volkswagen. Barriers to entry caused by Volkswagen: Volkswagen is an automobile company that is known for offering affordable hatchbacks throughout Europe. Despite being affordable Volkswagen still manages to produce high quality automobiles. Volkswagens profitability is notable due to their high quality cars at low price this makes Volkswagens have a high economies of scale which acts as a high barrier to entry in the hatchback section of the market for their competitors. This result is a high barrier to entry known as a Brand Barrier. A brand barrier is where a company already dominates a section of the market which consumers are loyal too making it hard for other companies to enter this section of the market.

In Volkswagens case its main rival is with PSA Peugeot Citroën. This is due to the fact PSA Peugeot Citroën has the ability to produce cars to a similar standard and style. Despite their ability to produce a similar standard automobile with a similar style Volkswagen still has the ability to dominate

the market of hatchbacks in Europe due to their reasonably low pricing for the standard of quality against PSA Peugeot Citroens consistently higher price. Volkswagens Brand barrier also makes it hard for smaller companies such as Kia to capture the market of hatchbacks in Europe. Volkswagens Brand barrier results in competing automobile companies having to produce cars at a higher quality and invest in advertisement campaigns in an attempt to hype interest in their brands. However, this also causes an increase in the price of production for these companies making their sales less profitable in order to reach a larger market for sales at higher quantities in order to compete with the high entry barrier caused by Volkswagens brand barrier. Threat of Substitute Volkswagen operates in the automobile industry meaning that there is much competition globally. Despite the fact that other automobile companies globally are offering substitutes we believe that Volkswagen uses specialised selective advertising that targets the audience they wish to have purchasing their automobiles.

Volkswagen also offers their automobiles at a reasonable price which allows the brand to be considered as approachable and the high quality of which the automobiles are produced makes the price in public opinion reasonable. Cars have now become more of a commodity in daily life for the average person rather than being seen as a luxury item. Volkswagen have also have compete with the introduction of public transport such as buses and trains. Public transport has allowed those who do not own a car to commute wherever they wish. However there are some problems which still arise

which are in favour of Volkswagen. The main issue is the unreliability of public transport.

Public transport can be affected by weather such as the storm Ophelia which result in no buses running in Dublin or industrial relations like the train strikes which resulted in no trains running over pay and working conditions of train drivers. A main issue which could apply to some people is the price which has to be paid in order to avail of these services and the designated times in which people have to carry out tasks like attend work or college and still avail of these services to get home is unreliable. Volkswagens automobiles are a way in which people can get up and go whenever they want to and this is another reason in which cars are seen as a commodity in daily life despite the threat of substitutes.