Competitive Strategy

Situation Analysis- Nissan’s Electric Car

**Nissan- A Leader in Electric Car Manufacturing**

Nissan, a leading automobile manufacturer, has gained it a lot of attention for its electric car program. Its headquarters are in Kanagawa, Japan. Nissan is essentially a subsidiary of Renault, which is on a mission to offer unique and state-of-the-art automotive products and services which provide measurable values to all its stakeholders (NISSAN MOTOR Co., 2019). The company’s 2018 report states Nissan’s aim is to “lead the evolution” at least, as far as sustainable development is concerned. Some of the technological tools that will aid in this movement are; electric vehicles, driverless vehicles, and connectivity. Nissan has plans of producing low-costing electric cars for the coming year and wants to increase the sale of battery-powered cars to a third of the total.

***A SWOT Analysis of Nissan***

*Strengths*

Nissan’s electric car program enabled the car to be the leading electric car in the world. The project, initiated in 2010, cost over $5.2 billion. To date, the company has managed to produce over 250,000 electric car units since the inception of the project in 2010. The company’s electric car production is as diverse as it is sustainable; the company produces over eight different models of their electric cars. The company is one of the few automobile manufacturers in the world to bulk produce such a vast majority of electric cars. It is only second to Tesla, with zero emissions.

Nissan’s relationship with Renault, which dates as far as 1999, is the longest and most progressive standing automobile alliance. This alliance has given the two companies the ability to venture into new markets. Through it, the company has experienced success in its electric car program competing in the U.S. and has expanded its market influence to Brazil, China, Russia and Mexico (Jurevicius, 2016).

The success of Nissan can be attributed to its good management operations. Nissan’s aim of increasing electric cars puts it in a better position as sustainable development has recently gained a lot of popularity.

*Weaknesses*

The main weakness of the company, at least, as far as the electric car program is concerned, is its pricing. The cost of a Nissan electric car is average $45,000. This price is in comparison with, say, Toyota which sells its limited electric car units at an average of $25,000. Judging by the cost of advertisement and the returns, Nissan has not gotten a fair deal. In spite of spending 342.2 Million Japanese yen, roughly US$2.85 million in advertising, it gained little to no brand recognition (Jurevicius, 2016).

*Opportunities*

The company has been better placed by the growing demand for zero-emission cars models. This effect is as a result of rising environmental concerns of petroleum prices and possible extinction. It is approximated that come to the end of 2020, the demand for electric vehicles will have increased to 7.5 million. Nissan, in partnership with Renault, plans to churn such 1.5 million vehicles by 2022 across the globe.

There is a large opportunity for Nissan’s growth and expansion, which is attributed to its current 6.5% market share value. Its partnership has given it a top priority in this endeavor. China and India have proven to be the most recent emerging market for automobiles due to their population growth. Nissan has, therefore, set an 8% target in the market share.

*Threats*

Competition is the major threat to the success of Nissan’s foreseen success. Brands such as BMW, Toyota Motor, Volkswagen, and Ford Motor are but a few of its international rivals who are also developing and selling electric car models, especially for the first world market. All of these companies have big brand recognition and huge budgets. The most recent Tesla’s electric cars have a direct competition with Nissan’s electric car program (Jurevicius, 2016).

The global economy might not be in favor of Nissan in terms of its fluctuating currency exchange rates. Given that most, almost half, of Nissan’s revenue comes from outside Japan, it means that the company must convert these currencies to Japanese Yen before it can compute its profits back in Japan. Since this is a factor that the company cannot control, it puts them at risk because it cannot foresee the condition of the global economy.