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# Business And Its Environment: Research Of Mercedes-Benz Company

## Introduction

Mercedes Benz is a well known brand name company that originated in German and it's specialized in producing automobiles, buses, coaches, and trucks and is a division of its parent company, Daimler AG. Mercedes as a brand is equivalent with quality and elegance, and also it consider as one of the oldest automotive brand still existence until today. Mercedes-Benz is a German automotive company ranked 12th on 'best-global-brands 2011" same rank it got the previous year 2010, with current brand value of 27, 445 million dollars. This company is a multinational division of the German manufacturer Daimler AG, and the brand is used for luxury automobiles, buses, coaches, and trucks. With it headquarter in Stuttgart, Baden-Württemberg Germany. The name first appeared in 1926 under Daimler-Benz but traces its origins to Daimler's 1901 Mercedes and to Karl Benz's 1886 Benz Patent Motorwagen, widely regarded as the first automobile.

## Company Analysis

Mercedes-Benz is an automobile manufacturer based in Germany, a part of the "German Big 3" luxury automakers, along with Audi and BMW, which are the three best selling luxury automakers in the world. It is a multinational division of the German manufacturer Daimler AG. The Mercedes auto mobile was first marked in 1901 by Daimler-Motorn-Gesellschaft (Daimler Motors Corporation). The first Mercedes-Benz brand name vehicles were produced in 1926, following the merger of Karl Benz's and Gottfried Daimler's companies into Dailmer Benz Company on 28 June 1926. Its head quarter is at Stuttgart, Germany. The products are Automobiles, Buses, vehicles etc.

## Mercedes logo

According to the company, it represents the automaker's driver towards universal motorization with its engines dominating the land, sea, and air (three points). Yes indeed: the Mercedes-Benz emblem is symbol for the company's plan for world domination.

## Vision and Mission

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To delight our customers in everything we are doing. To continually improve the effectiveness of our quality management system and our business processes. To have a professional relationship with our business partners.

## **Business sectors**

Mercedes-Benz India is a Private sector where they designs, manufactures, imports, and sells Mercedes-Benz cars. The company also provides fleet solutions for small and medium enterprises; and preferential pricing, service support, and single window account management services for corporate and customers, as well as sells specially configured vehicles for hotels and rents vehicles for business requirements. In addition, it sources and sells auto components; and sells motorsports accessories and wristwatches, and bikes and biking accessories, as wells as functional gear.

## **Company's forms of organisation**

A corporate is a business entity that is owned by its shareholder(s), who elect a board of directors to oversee the organization's activities. Corporations can be for-profit, as business are, or not-for-profit, as charitable organizations typically are. So Mercedes Benz Company is cooperated business as its capital are divided into shares. And the business is owned by its shareholders and it operates its business mainly to earn profit and to expand its business. Internal business environment factors are:

## **Value System**

The value system of a business organisation also determines its behaviour towards its employees, customers and society. The value system of the promoters of a business firm has an important bearing on the choice of business and the adoption of business policies and practices. Due to its value system a business firm may refuse to produce. Human resourcesThe employees can be either a strength or weakness of the company depending on the level of practical skills, attitudes toward work, and so on. For example, if a business has skilful and motivated workers, they are sure to be the biggest asset of this enterprise. Employees without trained and have negative attitudes to their task will be challenge for the company.

## **Capital resources**

Money is the vital part for any enterprise to perform. No company can survive without having capital resources. Once a company has enough budgets, they can easily launch their projects and expand its scale. There are also several ways for an enterprise to maintain stable budgets

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by some resources such as investment opportunities, funding, and annual income.

## **Organizational structure**

To have a suitable organizational structure requires the owners have to consider carefully set up a system to work smoothly within the company. The heads of departments need to make sure that the information flow is widely conveyed to all customers. Suitable rules and regulations are being applied to ensure the benefits of employees, and the business as well.

## **External Environmental factors**

External Micro Business Environment factors are:

### **Suppliers**

Suppliers provide the company with raw materials, human resources, technology and components etc. Any organization which depends upon only one supplier will shut down soon. Therefore it is very necessary for the organization to keep in touch with different suppliers.

### **Customers**

Customers are treated as king for business. They are the only reason why the business is in existence. A firm may have variety of customers from whole sellers, retailers, domestic buyers, to foreign buyers and so on. Competitors It means the parties who are producing the same kinds of products. So the companies have to make different kinds of selling strategies to promote their products.

External Macro business environment factors are:

### **Political Factors**

Since the company has invented the automobile, it has been responsible for expanding the company worldwide therefore it has to deal with having a foreign policy about of importation of manufactured goods. Therefore the political issues related to automotive industry is complicated and complex. .

### **Economic factors**

Mercedes-Benz has troubles due to international currency fluctuations. There is ongoing global

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slowdown due to a different scale of tax and revenue measurement. It also affects the selling of the product. Exchange rate between Euro and Ringgit cars. It makes the European car more expensive when selling in Malaysia due to currencies exchange rate.

## **Social Factors**

Due to the problems of global warming, Mercedes-Benz has invented electric cars and small cars for reduced spaces. They have also invented an environmentally friendly car called the BLOME. This car gives off oxygen from its flue pipe. The roof of the car is made of transparent organic solar cells.

## **Technological factors**

Technology plays a very important role in promotion and production. It has made the industry reduce the labour force. As a result of the low labour forces, Mercedes can save cost. The use of advanced technology, Mercedes can now produce more cars in a short period of time.

## **Environmental factors**

Environmental activists are becoming more active and aggressive. Besides, it is also discovered that consumers are seemingly becoming more environmental conscious, where they may even consider if the car manufactured by a particular company has the lowest CO2 emission.

## **SWOT analysis of the Mercedes-Benz**

According to the dictionary swot analysis means a study undertaken by an organization to identify its internal strengths and weaknesses, as well as its external opportunities and treats. Swot analysis is a frame work used to evaluate a company's competitive position by identifying its strengths, weaknesses, opportunities and threats. Swot analysis is a foundational assessment model that measures what an organisation can and cannot do, and its potential opportunities and threat. The swot analysis of the Mercedes-Benz evaluates the strengths, weakness, opportunities and threats before the luxury vehicle brand.

## **Strengths**

1. Mercedes is a very renowned brand of vehicles where it enjoys high brand recognition and its popularity has kept increasing rapidly during the past few years. It has also makes a large range of vehicles they are immensely popular.
2. Mercedes have strong product portfolio ranging from sedan to SUV which is helping

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them to compete with other players in the market

3. The company is a leader in innovation and is responsible for internal combustion engine, air bags etc.

## Weakness

1. Mercedes Benz cars are mostly expensive and that is why they are more popular in the developed markets where the per capita income is higher. Also the maintenance of Mercedes cars is costly.
2. Being a global car brand, even minute issues are blown out of proportion, which affect the brand adversely.
3. Intense competition means limited market share growth for Mercedes.

## Opportunities

1. Mercedes can focus on developing hybrid cars and fuel efficient cars for the future.
2. Tapping emerging market across the world and building a global brand.
3. Fast growing luxury automobiles market and increased income can be an opportunity for Mercedes Benz.
4. The brand's strong presence can be leveraged to acquire more customers.

## Threats

1. Government policies for the automobile sector across the world can cause business losses for Mercedes.
2. Ever increasing fuel prices.
3. Intense competition from global automobile brands.

## Recommendations

For Mercedes-Benz to remain one of the most sought-after vehicle brands without breaking the bank of the buyers, I recommend the following:

1. People should purchase Mercedes-Benz due to the fact that their brand ranking is like no other and has been for a long time.
2. Mercedes-Benz is never going to decline in brand value, which is why you should trust such a well-known car brand when purchasing your next vehicle.
3. If brand rankings mean anything to a potential customer, Mercedes-Benz is the car to purchase, as it is a consistent top rank amongst several other big name car

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manufacturers.

4. Continue with current traditions and marketing techniques.
  5. Expand business market even further.
  6. Incorporate new technology to further safety and that performance of vehicles.
  7. Research and compare other top rated vehicles.
- Conclusion** Mercedes-Benz has been around for over a 100 years and it still maintains its niche in all the aspects it been known for right from the start which stands for Luxury, Safety, Comfort and Class in the society like no other brand, It still the number one choice for the old, middle aged and young that reflects in the sales and constant demand for it in developing countries. Using the marketing mix we can conclude that Mercedes has taken the right approach in its International marketing strategy mix with the constant increase in sales and a new record sales last year already been surpassed by the first quarter sales this year. Its strategy is that Mercedes has worked on is its local production idea, for the past decade Mercedes has moved into producing its products in countries where they have the biggest customer base, this is a very good idea to cut cost of transportation from Germany to other countries and to help reduce taxes and other cost imposed on imported cars, now with local production they will be avoiding all the policy placed on imported cars and will be able to meet up with the demands of the people, Having showrooms makes it easy for people to come and test drive what they want to buy before paying for it, and it attracts more people to your product as they have this internal feeling that they are close to the company and it won't be difficult to fix a problem with the car should there be the need for it.

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