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PIRELLI SWOT & PESTLE ANALYSIS

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Company Name : Pirelli

Company Sector : Tyres, Automotive

Operating Geography : Italy, Europe, Global

About the Company :

Headquartered in Milan, Italy, Pirelli is a 148-year old tyre manufacturing company with a diverse product portfolio including Prestige, New Premium, and Specialties and Super-specialties variants of tires for cars, velo and moto. Initially involved in rubber specialization, fashion and energy, over the years Pirelli shifted its focus solely to tyre production with a consumer-centric strategy. Although formerly one of the fierce competitors in the auto-parts manufacturing industry, Pirelli adopted aggressive diversification as its strategy and had multiple divisions. But along the way, the company divested all its business units and focused only on tyre production. At a later stage, the company got acquired by ChemChina, China's largest chemical company. As of 2019, Pirelli is temporarily privatized by an immediate holding of ChemChina, that is, Marco Polo International Italy with a percentage shareholding of 45.5% of Pirelli's shares. Pirelli has been endorsing sport competitions and extending them sponsorships since 1907 and is the exclusive tyre supplier for the Grand-Am Rolex Sports Car Series for 2008–2010, FIA Formula One World Championship for 2011–2023 and for the FIM World Superbike Championship. In July 2022, Terna and Pirelli join forces to develop sustainable mobility. In order to promote sustainable mobility among its workers, Terna is the first firm in Italy to have implemented Pirelli's "CYCL-e around" e-bike sharing concept on a national level.

Pirelli's USP or unique selling proposition lies in being the globe's 5th largest tyre manufacturer behind Bridgestone, Michelin, Goodyear and Continental, and is focused on the consumer business (tyres for cars, motorcycles and bicycles). Pirelli's vision statement is to become "A global high value consumer tyre company".

Revenue :

5,331 million - FY ending 31st December 2021

4,302 million - FY ending 31st December 2020



SWOT Analysis :

The SWOT Analysis for Pirelli is given below:

Strengths	Weaknesses
1.Strong market presence demonstrated by a	1.Aggressive reorganisation of the company
portfolio of homologations	through acquisitions
2.Long-lasting relationships with major	2.Weak capital structure decision making by
Prestige and Premium car manufacturers	the company
3.Investment in R&D activities and path	
breaking innovation activities	
4.Industry leader in ESG ratings	
5.Environment-friendly processes leading to	
cost efficiencies	
6.Brand image enhanced by commitment to	
motorsports	
7.Customer focus - a central element of Pirelli	
Group	
Opportunities	Threats
1.Well planned investments in technological	1.Increasingly competitive dynamics of the tire
innovations	sector
2.High value approach to next-gen mobility	2.Uncertainties in macro-environmental
trends	factors like rate volatility, raw materials
3.Focus to produce safer and sustainable tyres	3.Uncertainties posed due to Brexit
4.Huge potential of Automotive OE type across	
the globe	



PESTLE Analysis :

The PESTLE Analysis for Pirelli is given below:

Political	Economical
1.Uncertainty posed by Brexit to the company	1.Fluctuations in the European currency with
as it might cause trade barriers in UK	respect to the US Dollar affects the exports
2.Compliance with the trade union act passed	2.Fluctuations in the prices of the raw
in 2016 by the government	materials used in manufacturing
Social	Technological
1.Increase in consumer focus on safety and	1.Trends of automation and use of artificial
sustainability	intelligence to improve efficiency
2.Culture and social value initiatives	2.Capabilities of wireless connectivity in tyre
increasing brand value	industry
Legal	Environmental
1.Regular updating of the Group Anti-	1.Sustainable production and supply chain as
corruption Compliance programme adopted	per UN standards
by Pirelli	2.Sustainable management of natural rubber
2.Trade agreements facilitated by the EU with	3 Plastic Strategy adopted by the EU to
the rubber producing countries	address tire waste

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Client Support: support@swotandpestle.com