



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

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Component 1: Analysis of Jaguar
Land Rover in the UK Automotive
Sector

Marvin Carvajal

Student ID: 2211194

Lecturer: Dr Nerys Dosseh

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Executive Summary

The UK is still an important centre for the production, export and design of automobiles. The industry is undergoing a period of change due to the transition to electromobility, measures to combat climate change, air pollution and consumer preferences. This report provides an overview of the position of Jaguar Land Rover (JLR) one of the most important UK based premium car manufacturers, and comments on the challenges it will have to meet to secure its future and improve its competitiveness.

In this assignment I will apply the strategic management frameworks like PESTLE analysis and Porter's Five Forces to examine the external environment and Value Chain analysis and Resource Based View model with VRIO to examine the internal resources of the company.

The study is based on the status in the automotive industry and with "Reimagine" the company's strategy for the future is defined, based on the transformation into an electrified and sustainable automotive industry (Jaguar Easton, 2023). Positive actions to take in order to achieve this goal are presented in the study, including among others the acceleration of battery-electric vehicle development, the global sourcing and the use of the premium brand to secure Jaguar Land Rover's long-term competitiveness.

Introduction

Strategic management is an important resource for any organisation which aims to achieve its targets and to be competitive in the markets, it is a process which takes into account the internal and external factors of the organisation in order to achieve the organisational targets and to gain competitive advantage in a sustainable manner. Strategic management is particularly important for highly competitive and dynamic sectors such as the automotive sector, where technological developments are carried out at a high pace and there are continuous changes in regulations.

The UK automotive sector is one of the UK's largest manufacturing base and has the potential to be a key driver of job creation, export growth and innovation. The sector is undergoing a period of radical change. This change is being driven by a range of factors including legislation, technology change and consumer behaviour. The UK new car market has for the third time in 2025 reached two million new car registrations (SMMT, 2026). This period of change presents many opportunities and challenges for automotive companies.

Jaguar Land Rover (JLR) is a British multinational car and motor vehicle components company head-quartered in Whitley, Coventry, England. It is owned by Tata Motors, an Indian multinational automotive manufacturing company. JLR is in the process of transitioning to become a sustainable luxury business. The company aspires to be a carbon neutral luxury business and is working towards achieving carbon neutrality for its operations and global supply chains by 2039 (JLR, 2025).

This report seeks to evaluate and assess the position of JLR within the UK automotive industry, using detailed examination of both internal and external factors which affect the business. The

report aims to identify the strategic alternatives available to JLR and thereby to assist in the formulation of a strategy which will ensure a viable future for the company.

External Environment Analysis

PESTLE Analysis

The UK automotive sector operates within a complex macro-environment shaped by political, economic, social, technological, environmental and legal factors. These forces influence strategic decision-making and long-term competitiveness (Johnson et al., 2017).

Political and Legal Factors

Government regulation is a major driver of change in the automotive industry. The UK government's commitment to phasing out new petrol and diesel vehicles has accelerated the transition toward electric vehicles, requiring manufacturers such as Jaguar Land Rover (JLR) to invest heavily in electrification (Department for Transport, 2023). While this creates cost pressures, it also presents opportunities for innovation and early positioning in the EV market. Additionally, trade policies and geopolitical uncertainty can affect export markets, which are critical for UK manufacturers.

Economic Factors

Economic conditions directly affect vehicle demand and production. The UK new car market exceeded two million registrations in 2025, reflecting resilience despite economic challenges (SMMT, 2026). However, inflation and interest rates influence consumer purchasing power. For premium brands like JLR, demand is highly affected by economic downturns, as luxury vehicles are often unnecessary purchases.

Social Factors

Consumer preferences are increasingly shifting toward sustainability and advanced technology. Demand for electric vehicles continues to grow as environmental awareness rises. Electric vehicles now represent a significant share of new car sales in the UK, highlighting a structural shift in consumer behaviour (SMMT, 2026). In addition, consumers expect enhanced connectivity, digital features and improved user experience.

Technological Factors

Technological innovation is reshaping the automotive industry. Advances in battery technology, connectivity and digital systems are transforming how vehicles are designed and used. Firms must invest significantly in research and development to remain competitive. Digital

transformation is particularly important, as vehicles are becoming more reliant on software (McKinsey, 2023).

Environmental Factors

Environmental sustainability is a central strategic concern. Increasing pressure to reduce carbon emissions has led manufacturers to adopt cleaner technologies. JLR has committed to achieving carbon net-zero emissions by 2039, aligning with global sustainability goals (JLR, 2025). While sustainability enhances brand reputation, it also requires substantial investment.

Porter's Five Forces Analysis

Porter's Five Forces framework highlights the competitive structure of the automotive industry (Porter, 2008).

Competitive Rivalry

Rivalry is extremely high, with JLR competing against established premium brands such as BMW, Mercedes-Benz and Audi, as well as newer entrants like BYD. The shift toward electric vehicles has intensified competition as firms compete in growing markets.

Threat of New Entrants

The threat of new entrants is moderate. Although high capital requirements remain a barrier, electric vehicle technology has reduced entry barriers, allowing new competitors to enter the market.

Supplier Power

Supplier power is moderate to high, particularly for key components such as batteries and semiconductors. Limited supplier availability increases supplier power, making supply chain management more important.

Buyer Power

Buyer power is moderate, as consumers have access to a wide range of alternatives. However, strong brand loyalty in the premium segment reduces price sensitivity.

Threat of Substitutes

The threat of substitutes is moderate. Alternatives such as public transport and shared mobility may reduce demand for private vehicles. However, in the luxury segment, personal ownership remains important.

Overall, the external environment is characterised by strong regulatory pressure, technological disruption and intense competition. JLR's ability to adapt to these forces will be critical for maintaining its competitive position in the evolving automotive industry.

Internal Analysis

Value Chain Analysis

The Value Chain framework explains how organisations create value through interconnected activities that support competitive advantage (Johnson et al., 2017). For Jaguar Land Rover (JLR), value creation is closely linked to its premium positioning, engineering expertise and brand strength.

Inbound Logistics

JLR depends on a global supply chain for key components such as batteries and semiconductors. Effective supplier management is essential to ensure production continuity and cost efficiency. However, reliance on external suppliers increases exposure to disruptions and price volatility, particularly in light of recent global shortages (Deloitte, 2024).

Operations

Operations represent a core capability, supported by advanced manufacturing and engineering expertise. JLR's facilities are transitioning to support electric vehicle production. This shift requires substantial investment in new technologies, creating pressure on operational efficiency and profitability (McKinsey, 2023).

Outbound Logistics

JLR operates a global distribution network, enabling access to international markets. While this supports revenue diversification, it also exposes the company to geopolitical risks and trade barriers, particularly given the UK automotive sector's reliance on exports (SMMT, 2025).

Marketing and Sales

JLR's marketing strategy focuses on premium differentiation, emphasising luxury, performance and heritage. Strong brand recognition, particularly for Range Rover and Defender, allows the company to maintain pricing power and customer loyalty (Grant, 2018).

Service

After-sales service plays an important role in maintaining customer satisfaction and strengthening brand loyalty, particularly in the premium segment.

Technology Development

Technology development is central to JLR's strategic transformation. Investment in electric vehicles and digital systems supports long-term competitiveness. The "Reimagine" strategy highlights the importance of innovation in achieving sustainability goals (JLR, 2025).

Resource-Based View and VRIO Analysis

The Resource-Based View (RBV) suggests that sustainable competitive advantage depends on resources that are valuable, rare, inimitable and organisationally supported (Barney and Hesterly, 2015).

JLR's brand portfolio is its strongest strategic asset. Brands such as Range Rover are highly valuable and difficult to imitate due to their heritage and global reputation, providing sustained competitive advantage.

Its engineering capabilities are also valuable but not unique, as competitors possess similar expertise, resulting in competitive parity (Grant, 2018).

The global distribution network supports market access but is not rare, limiting its ability to generate sustained advantage.

JLR's strategic transformation capability, reflected in its "Reimagine" strategy, is valuable but dependent on execution, as competitors are pursuing similar electrification strategies (McKinsey, 2023).

Overall, JLR's competitive advantage is driven primarily by its strong brand portfolio and premium positioning. However, sustaining this advantage requires successful adaptation to electrification and technological change. Strategic execution will be critical in maintaining competitiveness within an increasingly dynamic automotive industry.

SWOT Analysis

The SWOT analysis allow us to analyse Jaguar Land Rover's (JLR) position in the market.

Strengths: The company owns high variety of strong premium brands that generate customer's loyalty, allowing them to maintain premium pricing and hit selling targets easily, including Jaguar Land Rover's core competence in advanced engineering and global reach.

Weaknesses: JLR could be under pressure due to higher capital expenditure, more complex and global value chains. In addition, the high costs required to achieve the transformation, such as investments in electrification and in the simplification of complex value chains, which will result in higher operational risk and a greater chance of supply chain disruptions.

Opportunities: There are several opportunities arising because of changes in legislation and in the environment, which are creating a higher demand from customers for electric vehicles and sustainable mobility, an area in which the company is also actively engaging as part of their "Reimagine" strategy.

Threats: Company considers competition as their main threat, in particular for their products with premium manufacturers from the automotive industry and with new electric vehicle manufacturers, market regulations and automotive industry developments.

Strategy Formulation

The analysis recommends that Jaguar Land Rover needs to work on ways of dealing with the unstable nature of the automotive industry, a subject where speed of reaction, intense competition and the drive to electromobility and sustainability will all play a significant role.

JLR calls for EV push and investment in battery tech, software and tech partnerships. JLR must speed up work on electric vehicles (EVs) and invest more in battery technology, software and partnerships with other technology providers as this will be crucial to maintain competitiveness.

After evaluating the high costs that the company will have to face to push their electrification plan, it is also crucial that they build a strong relationship with their key suppliers as this will improve their operational stability and will also decrease their vulnerability to disruptions.

And finally, I strongly believe that the company should keep integrating sustainability and advanced technology to their products in order to reinforce their premium differentiation among their competence.

Conclusion and Recommendations

Investors in Jaguar Land Rover (JLR) are likely giving serious thought to how the company will maintain its position and long-term viability in the face of these changes. As we have seen in this report, JLR is a company that has developed in response to specific market conditions, whilst external events are rapidly transforming the landscape.

Current trends suggest the sector is heading towards a low-emission future, driven by stricter emissions limits at EU and national level, the pace of innovation, and growing consumer demand for lower-emission options.

The company has a number of strengths such as a highly talented engineering workforce, a distribution network highly valued by its customers. However, the company will need to work hard to address the external factors that could impact its future performance, such as the massive investments required to design and manufacture cars that are quite different from those on the road today, as well as managing a supply chain that is becoming even more complex and unstable.

This report sets out how Jaguar Land Rover will connect its business activities to the market and to its capabilities to ensure that it continues to be a leading business and is sustainable in the future.

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