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ASTON MARTIN

Contents

1. Introduction	3
2.1 External Environment Audit	3
2.1.1 PESTLE Analysis of Aston Martin Lagonda Global Holdings plc	3
2.1.2 Porter's Five Forces – UK Luxury Automotive Industry	5
2.2 Internal Environment Audit	6
2.3 SWOT Analysis (MBA Skool Team, 2012).....	6
3. Strategy Formulation	7
3.1 Strategic Options for Aston Martin Lagonda Global Holdings plc	7
3.2 Evaluation of Strategic Alternatives	8
3.3 Proposed Strategic Direction	8
4. Conclusion and Recommendations.....	9
Reference	10

1.Introduction



The car industry is a technology-driven sector with a high degree of innovation, and which is heavily regulated by environmental legislation. In addition, the sector is highly competitive.

Luxury car manufacturer Aston Martin Lagonda Global Holdings plc has its roots in Gaydon, Warwickshire and was founded in 1913 (Aston Martin, 2024). They classify themselves as a competitive firm based on several attributes which include, brand heritage, craftsmanship and a range of in-house engineering skills. These attributes allow them to differentiate their products. As famous as their grand tourers such as the DB5 and DB9 Aston Martin can maintain global brand prestige (Whittington et al., 2023). A Resource-Based View (RBV) of the firm is a theory that is led by the work of (Barney, 1991). The theory suggests that firms are competitive if they have valuable, rare and inimitable resources.

Aston Martin is an example of a low-volume, high-margin business which carries out a high level of R & D expenditure with strong partnerships to underpin its technology (Grant, 2019). Aston Martin's business model objectives are to be the most desirable ultra-luxury British performance brand, to be electrified, more margins, more global and a stronger brand by involving motorsport and a few high-profile endorsements.

2.1 External Environment Audit

2.1.1 PESTLE Analysis of Aston Martin Lagonda Global Holdings plc

The Strategy Story (2023) says that PESTEL Analysis is a framework used to study external factors affecting Aston Martin.



- ❖ Strict EU and UK emissions and safety regulations influence vehicle design and R&D priorities.
- ❖ Brexit-related trade barriers affect tariffs, supply chains and cost structures.
- ❖ Government incentives for electric vehicles (EVs) and charging infrastructure support electrification strategy.
- ❖ Changes in taxation policies, including luxury vehicle taxes, influence demand in key markets.

E

Economic

for luxury goods.

- ❖ Exchange rate fluctuations impact export revenues and global profitability.
- ❖ Inflation raises manufacturing and operational costs.
- ❖ Volatility in raw material prices (e.g., steel, aluminium) affects production expenses.
- ❖ Fuel price fluctuations may shift demand toward hybrid and electric vehicles.
- ❖ Global economic cycles directly influence demand

S

Sociological

- ❖ Luxury vehicles function as status symbols in many cultures, supporting brand demand.
- ❖ Strong association with the James Bond franchise reinforces British prestige and exclusivity.
- ❖ Urban lifestyles increase demand for advanced safety, comfort and connectivity features.
- ❖ Growing female participation in the luxury car market requires broader design appeal.

T

Technological

- ❖ Ongoing battery research is critical for EV competitiveness and range improvement.

- ❖ Rapid shift toward electrification requires investment in EV and hybrid technology.
- ❖ Development of semi-autonomous and advanced driver-assistance systems is increasingly expected.
- ❖ Manufacturing innovations (automation, 3D printing) improve efficiency and precision.
- ❖ Use of lightweight materials such as carbon fibre enhances performance and efficiency.

E

Environmental

- ❖ Stricter global carbon emission targets require reduced lifecycle emissions.
- ❖ Industry-wide transition toward electric mobility shapes product development.
- ❖ Sustainable sourcing and recycling practices are increasingly important.
- ❖ Demand for eco-friendly interiors and materials is growing.



- ❖ Compliance with international safety and emissions standards is mandatory.
- ❖ Intellectual property protection safeguards design and technological innovation.
- ❖ Trade regulations and tariffs affect pricing and supply chain management.
- ❖ Consumer protection laws govern warranties, recalls and liability risks.

While presenting many challenges and threats the PESTEL elements can also provide the opportunity for Aston Martin to make progress towards its goals, through innovation, variation and competitive advantage (PESTEL Analysis, 2025).

2.1.2 Porter's Five Forces – UK Luxury Automotive Industry

According to UKEssays (2019), Aston Martin operates in the ultra-luxury automotive sector, where market dynamics are shaped by high barriers to entry, intense competition, and the discerning preferences of wealthy customers.

THREAT OF NEW ENTRANTS

For a start-up company to develop and launch in one year an ultra-luxury car that can achieve volume sales in hundreds is not possible. This would require huge investment, many highly qualified engineers and a significant level of brand awareness with the target customer group. There are also several regulatory and safety requirements that need to be met. In the future, EV start-ups could be a threat to the Company's position in the luxury car market, but this would be highly unlikely to threaten the Company's leadership in terms of heritage, exclusivity and craftsmanship.

BARGAINING POWER OF SUPPLIERS

The company needs to purchase a wide variety of high-quality goods, from engines, to hand crafted interior materials and luxury finishes. Even if the number of suppliers for some of the key materials required is small, Aston Martin has built partnerships and has engaged in collaboration with some of these key suppliers. The company believes the supply chain at risk of disruption to be high, and that any potential disruption to supply could be material to the production business.

BARGAINING POWER OF CUSTOMERS

The target customers for Aston Martin's products are the affluent individuals, who place more emphasis on the design, performance and uniqueness of a car. These buyers have other options available such as buying cars from Ferrari, Lamborghini, and even McLaren. Aston Martin however uses the unique

nature of the brand, as well as customized models, limited editions and customer loyalty to make its customers less price sensitive.

THREAT OF SUBSTITUTES

The selection of alternative car choices is vast, including other domestic and foreign car manufacturers, as well as newer entrants producing high-performance electric vehicles. Luxury car makers compete for the luxury car consumer.

They also compete with other luxury products and services for the discretionary income of consumers. The threat from substitutes may grow in the future as EVs and other new automotive products gain popularity.

COMPETITIVE RIVALRY

In this competitive space the key drivers are design, performance, heritage and exclusivity. Manufacturers will spend significant amounts of money on advertising, limited edition models and will often try to include their cars in

popular TV shows and films, such as in the James Bond franchise.

The company has a long history of selling cars on the strength of its brand and its ability to differentiate itself from competitors but is now facing a new set of challenges including intense rivalry, increasing supplier power and what promises to be even more competition in the rapidly emerging new EV sector (Swotandpestle.com, 2026).

2.2 Internal Environment Audit

According to resource-based view (RBV) theory, developed by Barney (1991), the company's sustainable competitive advantage is based on a unique combination of resources which are valuable, rare and inimitable. These will be further examined using the VRIO-model, with an analysis of the resources that make up Aston Martin's brand, including craftsmanship, design and their network of technological partnerships. Craftsmanship is rare and valuable which provides competitive strength, technological partnerships are valuable but imitable and so provide competitive parity. The company's limited financial resources provide no benefit and is therefore a liability.

2.3 SWOT Analysis (MBA Skool Team, 2012)

Aston Martin is a brand with a rich history, associated with design and manufacture of high-end cars for the affluent. The engineering, limited supply and option for bespoke personalisation all contribute to the allure and exclusivity of the luxury car brand. Combined with its affiliation with Bond, its partnerships, existing customer base and wealth of motorsport history, Aston Martin has positioned itself as a global luxury sports car maker.





WEAKNESSES

The company has been dealing with a large amount of debt and has had limited opportunity in recent years to invest in new products, pay down debt or return capital to shareholders because of difficult past periods when it reported losses and because of the amount of debt it has taken on to fuel sales growth and product development. The firm also has a small product lineup and is heavily exposed to the economic cycle of the luxury sports car segment, a fragile and volatile market. Additionally, the use of expensive skilled labour for traditional Aston Martin hand-striking, painting and other elements of the firm's exclusive craftsmanship and bespoke services also drives costs, which have been rising in the UK. Aston Martin's global sales and production base is also small when compared to peers such as Daimler's Mercedes-Benz or Volkswagen's luxury brand Porsche.

Many see the future of Aston Martin with the launch of luxury electric vehicles and so the company's progression into the sustainable mobility sector and the ongoing expansion into emerging markets, possibly via SUVs or sedans, as well as through partnerships with tech companies such as Microsoft or Intel.



OPPORTUNITIES

The company could also position itself to attract a younger, greener audience by increasing its digital presence and working on its sustainability message. Finally, the company may benefit from technological advancements in materials and manufacturing which could improve both the performance and productivity of its business.



THREATS

In the future, the company is likely to face stiffer competition, from more established rivals such as Ferrari and Porsche, and from the many new pure electric car manufacturers, including Tesla. There are also many other challenges in the future, such as a possible trend towards pure battery electric vehicles and away from the inevitable premium ICE engine, increasing regulatory pressures, rapid structural change in the automotive industry and high and increasing R&D expenditure.

3. Strategy Formulation

3.1 Strategic Options for Aston Martin Lagonda Global Holdings plc

Based on the strategic analysis, three key options emerge.

- An accelerated transition to hybrid and battery electric vehicles to address increasing regulatory pressure and market demand (ACEA, 2025).

- We believe that expansion into North America, Asia-Pacific and the Middle East for the purpose of market development has the potential to add significant revenue as the company can leverage its strong brand. (Grant, 2019)
- It is contended that the company's competitive position will be improved because of a focus on differentiation strategy within the three dimensions of exclusivity, limited editions and Formula One (Aston Martin, 2024).

3.2 Evaluation of Strategic Alternatives

The alternatives were assessed for suitability, acceptability and feasibility (Whittington et al., 2023).

Suitability:

I believe that electrification is the best solution for Aston Martin Lagonda Global Holdings plc. Not least because of the upcoming EU emissions crackdown. As our PESTEL highlighted, the low-carbon transport era is here to stay, and Aston Martin cannot be left behind. However, electrification alone is unlikely to be enough to secure the company's long term sustainable competitive advantage. As Porter (1980) so eloquently phrased it, "A competitive advantage is sustainable, only if it is uniquely valued by customers."

Acceptability:

As set out by Grant (2019), R&D spend remains high to maintain competitive edge but remains a material risk to the balance sheet given their relatively small size in comparison to the larger multinational car manufacturers. To secure Shareholder acceptance, they must therefore ensure that their control costs, deliver on our key strategic objectives and therefore deliver tangible results. Provided that it can demonstrate prudent management of the finances to support the ongoing and future innovations.

Feasibility:

Strategic alliances can contribute to the technical and financial feasibility of new developments in a variety of ways, such as by reducing research and development costs and diminishing the uncertainty of new innovative products and services (Whittington et al., 2023). It seems that for a niche luxury car manufacturer such as Tesla alliances will be very likely indispensable in relation to developments in battery technology and digital systems. The achievement of feasibility will depend on the achievement of the right balance between the firm's use of strategic alliances, and the development of the firm's engineering competences to provide the foundations for long-term sustainable competitive advantage.

3.3 Proposed Strategic Direction

The future of Aston Martin Lagonda Global Holdings plc is of a sustainably differentiated business, delivering pure, innovative, electric cars alongside a unique heritage, skillset and exclusivity proposition. The Resource-Based View of the firm

theory by Barney (1991) asserts that firms gain a sustainable competitive advantage by deploying rare, inimitable, valuable and non-substitutable resources.

There is an urgent need to accelerate the transition to electric vehicles, I would recommend a staged, step-by-step roll-out of the technology in conjunction with other companies and via R&D. By expanding into emerging markets in a controlled manner and by means of a disciplined cost base, the company will be able to secure its long-term profitability while at the same time protecting its premium brand (Grant, 2019).

4. Conclusion and Recommendations

ACEA (2025) Sustainability Report highlights how the European car industry is under growing pressure from EU policymakers and civil society organisations to become more sustainable – especially in relation to electromobility. The competition in this industry is severe, and the growing technological content of the product requires high investments.

Assignment for Aston Martin Lagonda Global Holdings Plc The company is aware of the value of its brand heritage and craftsmanship and sees these as valuable, rare and inimitable resources that can be a competitive success factor (Barney, 1991). However, with limited financial resources and the high cost of bringing new cars to market, coupled with the long time that is required to do so (Johnson, Scholes and Whittington, 2020), this company has a few strategic problems that need to be addressed. It must balance its need to maintain exclusivity and maintain its prestige brand with the need to produce large quantities of cars at a cost that will allow it to remain competitive in an electric vehicle sector.

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