

Strategic management and sustainability

Module Code: LCBB6015

Component 1: Coursework: Written report

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Executive Summary

This report analyses the strategic position of Jaguar Land Rover (JLR) within the UK automotive industry. It explores both the external and internal environments influencing the company and evaluates its current competitive position. The automotive industry is currently undergoing significant transformation due to technological advancements, environmental regulations, and changing consumer preferences, particularly the shift towards electric vehicles (EVs).

The external analysis, using PESTLE and Porters five forces, highlights key challenges such as increased regulatory pressure, economic uncertainty, and strong competition from established brands and new EV-focused companies. At the same time, these changes present opportunities for innovation and the market growth.

The internal analysis, based on the resource-based view (RBV), VRIO framework, and value chain analysis, shows that JLR benefits from strong brand recognition, engineering expertise, and a premium market position. However, the company also faces weaknesses, including high operation costs and slower EV development compared to competitors.

The report concludes by recommending that JLR should accelerate its investment in electric vehicles, form strategic partnerships, improve operational efficiency, and strengthen its sustainability focused brand. These strategies will help the company remain competitive and achieve long term growth.

Introduction.

Strategic management plays a crucial role in helping organisations navigate complex and rapidly changing business environments. It involves analysing both internal capabilities and external factors to make informed decisions that ensure long term success and

competitiveness (Johnson, Whittington and Scholes, 2017). In industries such as automotive manufacturing, where technological innovation and regulatory pressures are constantly evolving, effective strategies management is essential.

Jaguar Land Rover (JLR) is a British multinational automotive company and subsidiary of Tata motors (Tata Motors,2023). The company is known for producing luxury vehicles under the jaguars and Land Rover brands. JLR operated in a highly competitive global market and has recently faced significant transformation due to the shift towards electric vehicles (EVs), sustainability requirements, and changing consumer expectations (ACEA,2024).

JLR's strategic direction is outlined in its "reimagine" strategy, which focuses on electrification, sustainability, and modern luxury. The company aims to achieve net-zero carbon emissions by 2039, demonstrating its commitment to environmental responsibility (jaguar Land Rover, 2023). This report will analyse JLR's external and internal environment and propose strategies to support its future growth.

External environment analysis

2.1 pestle analysis

The automotive industry is heavily influenced by political factors, particularly government policies related to environmental sustainability. In the uk, the planned ban on new petrol and

diesel vehicles by 2035 places significant pressure on manufacturers to transition to electric vehicles (SMMT, 2024). While this creates challenges, it also presents opportunities for companies that can innovate and adapt quickly.

Economic factors also have a strong impact on the industry. Rising inflation, supply chain disruptions, and increasing production costs have affected profitability across the automotive sector (ACEA, 2024). Luxury car manufacturers such as JLR may also experience fluctuating demand, as consumers reduce spending during economic uncertainty.

Social factors are becoming increasingly important, as consumers are more environmentally aware and demand sustainable products. There is also a growing expectation for advanced technology, including connectivity and digital features in vehicles (ACEA, 2024). These changes require companies to continuously innovate to meet customer expectations.

Technological advancements are transforming the industry, particularly in areas such as electric vehicles, battery technology, and autonomous driving. Companies that fail to invest in innovation risk falling behind competitors (Grant, 2019). JLR must therefore prioritise research and development to remain competitive.

Legal factors include strict environmental and safety regulations that companies must comply with. These regulations often require significant investment and can increase operational costs.

Environmental factors are central to the automotive industry's transformation. Climate change concerns and global sustainability targets have forced companies to reduce emissions and adopt more environmentally friendly practices (Jaguar Land Rover, 2023).

In addition to the core PESTLE factors, global

2.2 Porter's Five Force Analysis

The automotive industry is characterised by intense competitive rivalry, with JLR competing against major global brands such as BMW, Mercedes Benz, and Tesla. These companies have strong financial resources and are heavily investing in electric vehicles technology, increasing competition (Porter, 2008).

The threat of new entrants is relatively low due to high barriers such as capital requirements, advanced technology, and brand loyalty. However, companies like Tesla have shown new entrants can succeed through innovation.

The bargaining power of suppliers is moderate to high, as manufacturers depend on specialised components such as semiconductors and batteries. Supply chain disruption can significantly impact production.

The bargaining power of buyers is increasing, as customers have access to wide range of alternatives and information. This forces companies to maintain high quality and competitive pricing.

The threat of substitutes is moderate, with alternatives such as public transport and ride sharing services reducing reliance on car ownership in some areas.

3. Internal environment analysis

3.1 resources based view (RBV)

The resource based view focus on how a company's internal resources contribute to competitive advantage (Barney, 1991). JLR has several valuable resources, including strong brand identity, engineering expertise, and global operations.

The Land Rover brand is associated with durability and off road capability, while Jaguar represents luxury and performance. These strong brand identities allow JLR to maintain a premium position in the market.

However, not all resources provide long term advantages, as competitors can replicate certain capabilities, particularly in manufacturing and technology.

3.2 VRIO Analysis

The VRIO framework evaluates whether resources are valuable, rare, inimitable, and organised (Johnson, Whittington and Scholes, 2017) JLR's brand is valuable and relatively rare, providing a competitive advantage.

However, technological capabilities may not be fully imitable, as competitors are rapidly advancing in electric vehicle development. This highlights the importance of continued investment in innovation.

JLR is generally well organised, but operational challenges have sometimes limited its ability to fully exploit its resources.

3.3 Value chain analysis

JLR's value chain shows how value is created through its activities. Inbound logistics rely on global suppliers, which increase efficiency but also create risk. Operations focus on manufacturing high quality vehicles, although inefficiencies have been identified.

Marketing and sales are key strengths, as JLR effectively promotes its luxury brand image. After sales services also contribute to customer satisfaction and brand loyalty.

Support activities, such as research and development, are essential for innovation and long term competitiveness.

4. Swot analysis

JLR's strengths include strong brand recognition, a loyal customer base, and expertise in luxury vehicle design. The company's focus on sustainability also supports its future positioning.

Weaknesses include high production costs, supply chain challenges, and slower progress in electric vehicle development.

Opportunities exist in the growing demand for electric vehicles and sustainable transport solutions. JLR can expand its EV offerings and enter new markets.

Threats include intense competition, economic uncertainty, and rapid technological change, (Hill, Jones and Schilling, 2020)

5. Strategy formulation.

JLR should prioritise accelerating its transition to electric vehicles. Increasing investment in research and development will help the company compete with industry leaders and meet regulatory requirements.

The company should also form strategic partnerships with technology firms and battery manufacturers. This will support innovation, reduce costs, and improve access to key resources.

Improving operational efficiency is another important strategy. Streamlining production processes and strengthening supply chain resilience will help reduce costs and improve performance.

Finally, JLR should continue to strengthen its brand by emphasising sustainability and innovation. This will help attract modern consumers and maintain its premium market position (Grant, 2019).

6. Commission and recommendations.

JLR operates in a highly competitive and rapidly changing industry. While the company has strong brand value and engineering capabilities, it must address challenges related to electrification and operational efficiency.

To remain competitive, JLR should accelerate EV development, form partnerships, improve efficiency, and strengthen its sustainability focused brand. By implementing these strategies,

the company can achieve long term growth and adapt successfully to industry changes (Johnson, Whittington and Scholes, 2017).

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