

STRATEGIC MANAGEMENT AND SUSTAINABLE GROWTH

at Aston Martin Lagonda Global Holdings plc

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Executive Summary

This report critically evaluates Aston Martin Lagonda Global Holdings plc (AML) and its ability to achieve sustainable growth in the ultra-luxury automotive market. AML benefits from strong heritage, distinctive design, craftsmanship, personalisation and emotional customer appeal. However, operating losses, high debt and weak cash generation limit AML's ability to invest. Its small scale also increases exposure to technology and regulatory costs. Tariffs, shifting demand for powertrains, and intense competition in the premium market further constrain its strategic flexibility.

The analysis shows that AML should avoid volume-led expansion, which could increase working-capital exposure and weaken brand scarcity. AML should pursue controlled exclusivity by increasing value per vehicle through high-margin personalisation, Specials and direct customer relationships. Selective technology partnerships, disciplined capital allocation and stronger operational execution should support this strategy. Sustainability should reinforce the premium proposition through product longevity, responsible sourcing and specialist capability development. Cost reduction remains necessary, but it must not weaken the engineering, craftsmanship and customer-facing capabilities that sustain product quality and differentiation.

AML's long-term viability therefore depends on converting brand strength into higher margins, positive cash flow and capabilities that competitors cannot easily imitate.

Introduction

Henry (2021, p. 61) argues that “[...] organizations seeking above-average profits [...] should not just react to their competitive environment but should actively seek to shape it.” Strategic management is therefore valuable because it connects external change, internal capability and capital allocation. This helps organisations make coherent long-term choices rather than respond to individual pressures in isolation.

This is particularly relevant to Aston Martin Lagonda Global Holdings plc (AML), whose low-volume business model limits scale but supports exclusivity, premium pricing and differentiation. AML is a British ultra-luxury automotive manufacturer with a history spanning more than 113 years. Its portfolio includes sports cars, grand tourers, sport utility vehicles and limited-edition Specials.

The company's vision is to become the world's most desirable ultra-luxury British performance brand. Its purpose is to combine technology, precision and craftsmanship to deliver a bespoke, class-leading performance experience (AML, 2026a). Its current strategic objectives focus on market demand, product creation, culture, quality, operations and cost optimisation.

However, in 2025 revenue fell to £1.26 billion, operating loss increased to £259 million and net debt reached £1.38 billion, despite the average selling price rising to £185,000 (AML,

2026a). This contrast suggests that higher pricing alone is insufficient without stronger cost control, cash conversion and operational execution. The central strategic issue is therefore not brand desirability, but AML’s ability to convert differentiation into sustainable profitability and cash generation.

External Environment

A Political, Economic, Social, Technological, Legal and Environmental analysis (PESTLE) shows that AML operates in a growing luxury automotive market, but its low-volume, export-led model increases exposure to external shocks.

Table 1. PESTLE analysis of Aston Martin Lagonda Global Holdings plc

Factor	Key evidence	Strategic impact
Political	United States tariffs disrupted market access and affected sales conditions, while around 90% of UK small-volume vehicle output is exported (Reuters, 2026a; Lewis-Stempel, 2025).	Trade policy directly affects pricing, margins and regional demand.
Economic	The global luxury car market is forecast to grow from USD 25.02 billion in 2026 to USD 51.10 billion by 2036, although Chinese demand remains weak (Future Market Insights, 2026; Reuters, 2026a).	Sector growth creates opportunity, but does not offset AML’s debt, losses or regional exposure.
Social	Buyers increasingly expect exclusivity, personalisation and direct engagement. AML’s new configurator increased leads by more than 200% after launch (AML, 2026a).	Personalisation and private client services can raise value without increasing volume.
Technological	AML delayed its first battery electric vehicle (BEV) after weaker-than-expected demand, while demand for plug-in hybrid electric vehicles appeared stronger (Shabong, 2024).	A gradual transition limits demand risk but may widen the technology gap with larger rivals.
Legal	Emissions, product and supply-chain rules create significant compliance demands for low-volume manufacturers (Lewis-Stempel, 2025; AML, 2026d).	Partnerships and selective investment are required to manage regulation efficiently.
Environmental	Operational emissions fell, but Scope 3 emissions excluding product use remained 32% above the 2022 baseline (AML, 2026c).	Decarbonisation must extend into sourcing, materials and product development.

Source: Author’s analysis based on AML (2026a, 2026c, 2026d), Future Market Insights (2026), Lewis-Stempel (2025), Reuters (2026a) and Shabong (2024).

The PESTLE analysis shows that market growth supports AML’s premium positioning, but tariffs, regulation and technology costs restrict its strategic freedom. These factors are also interconnected: regulatory pressure increases technology investment requirements, while weak regional demand reduces AML’s ability to absorb those costs. Market opportunity therefore exists, but AML’s financial exposure limits its ability to exploit it. These pressures shape the competitive forces assessed next.

Industry Competition

Porter's Five Forces analysis indicates high competitive pressure. Competitive rivalry is the strongest force because AML competes with Ferrari, Porsche, Bentley, McLaren and Mercedes-AMG across performance, design, technology and customer experience. CarWow's comparison found that the Vantage led on design and material quality, yet the lower-priced Porsche 911 GTS delivered the strongest overall proposition (Watson, 2025). This shows that emotional appeal supports differentiation, but does not remove pressure on value, usability or technology.

Buyer power is moderate to high. Ultra-luxury customers are less price-sensitive, but they have several credible alternatives and expect flawless quality, personalisation and service. Supplier power is also high because AML's low production scale weakens purchasing leverage and increases reliance on specialist partners. Its Mercedes-AMG powertrain relationship and Lucid technology agreement reduce development costs, but also create strategic dependence (AML, 2026a).

The threat of new entrants remains low due to capital intensity, regulation and brand barriers. However, electric vehicle specialists and Chinese premium brands are weakening established powertrain barriers by entering through software, battery and digital capabilities rather than engine expertise. Their immediate threat to AML's heritage position is limited, but they may raise customer expectations for technology and connectivity. Substitution is moderate because customers can shift spending towards other luxury marques, collectable vehicles or premium experiences offering similar status and emotional value. In the collector market, alternative marques can reproduce elements of performance, craftsmanship or prestige, although not AML's distinctive combination of heritage and brand identity (Hemmings Admin, 2024).

Grant (2022, p. 78) warns that *"if structural transformation is rapid, then the five forces framework does not offer a stable basis for predicting competition and profitability."* Therefore, the Five Forces analysis confirms strong current competitive pressure, but electrification, direct sales and technology partnerships may change industry structure faster than the model captures.

Internal Strategic Capability

Johnson, Scholes and Whittington (2007, p. 97) define core competences as *"the skills and abilities by which resources are deployed [...] to achieve competitive advantage in ways that others cannot imitate or obtain."* For AML, the strongest core competences are brand heritage, design, craftsmanship, personalisation and the ability to create emotionally distinctive vehicles.

These strengths are visible across the value chain. Design and product development support differentiation, while Q personalisation, limited-edition Specials and direct client engagement increase value per vehicle. CarWow found that the Vantage led its comparison

on design and material quality, confirming that AML's visual identity and craftsmanship remain credible market advantages (Watson, 2025). However, weaker infotainment and chassis refinement showed that differentiation remains uneven across the full customer proposition. From a Valuable, Rare, Inimitable and Organised (VRIO) perspective, AML's heritage is path-dependent and difficult to imitate, while its design capability remains valuable and distinctive but requires continuous renewal. The unresolved issue is whether AML is organised to capture the full economic value of these resources. Its heritage may provide sustained advantage, but design and personalisation require consistent quality, digital capability and commercial execution. Without this support, strong customer appeal may not translate into superior financial returns. Operations have improved, with the right-first-time rate rising from 65% to 95% during 2025 (AML, 2026a). Yet low scale, high fixed costs and dependence on external technologies continue to limit efficiency.

Access to Mercedes-AMG powertrains and Lucid electric technology reduces development costs while increasing dependence on external capabilities (AML, 2026a). Lynch et al. (2024, p. 10) argue that firms must “*sustain the competitive advantage by figuring out how to prevent imitation of the chosen strategy.*” AML must therefore protect the elements competitors cannot easily reproduce: design language, heritage, craftsmanship, customer intimacy and vehicle character. Shared technology should be differentiated through AML-specific design, tuning and customer experience so that it does not weaken perceived uniqueness.

Overall, AML possesses valuable intangible resources, but its operating model does not yet capture their full economic value. This organisational gap is the central weakness carried into the SWOT analysis.

SWOT Synthesis

The external and internal analyses reveal a clear strategic tension. AML possesses rare brand and design assets, but financial pressure, limited scale and technology dependence restrict its ability to convert them into sustained financial returns. A Strengths, Weaknesses, Opportunities and Threats analysis (SWOT) therefore synthesises the factors that should shape strategy formulation.

Table 2. SWOT analysis of Aston Martin Lagonda Global Holdings plc

Strengths	Weaknesses	Opportunities	Threats
Distinctive heritage, design and craftsmanship	£1.38 billion net debt and continuing cash outflow	Higher-margin Specials and bespoke commissions	United States tariffs and weak Chinese demand
Strong pricing power and personalisation capability	Low scale and high fixed cost per vehicle	Valhalla-led hybrid capability	Faster electrification by larger rivals
Improved quality and refreshed product portfolio	Dependence on external powertrain and electric technology	Selective technology and sustainability partnerships	Loss of specialist skills through restructuring
Direct access to high-value clients through Private Office and Q	Product-level gaps in digital experience and chassis refinement	Growing luxury demand and responsible luxury positioning	Regulation, supply disruption and increased debt-servicing exposure

Source: Author's analysis based on AML (2026a, 2026b, 2026c, 2026d), Future Market Insights (2026), Lewis-Stempel (2025), Reuters (2026a, 2026b), Shabong (2024) and Watson (2025).

The SWOT analysis shows that AML should use its heritage, design and personalisation strengths to capture opportunities in bespoke products, direct client relationships and responsible luxury. At the same time, partnerships should offset weaknesses in scale and technology, while financial discipline reduces exposure to tariffs, regulation and debt-servicing risk. AML's strongest opportunity is therefore not scale, but improved value capture from rare intangible assets through exclusivity, selective partnerships and financial discipline.

Strategy Formulation

The SWOT analysis indicates that AML should reject volume-led expansion. Higher output could improve fixed-cost absorption, but it would increase working capital, expose the company to discounting and weaken scarcity. Volume-led expansion is also inconsistent with AML's financial position and limited manufacturing scale.

A stronger alternative is value-led growth through personalisation, Specials and direct client management. This uses AML's rare brand assets while increasing margin per vehicle without materially increasing production exposure. However, exclusivity alone cannot resolve technology gaps or cash constraints. Todorov and Akbar (2018, p. 105) state that *"strategic fit among many activities is fundamental not only to competitive advantage, but also to the sustainability of that advantage."* AML must therefore align pricing, product quality, customer experience, technology access and cost control.

The preferred strategy is controlled exclusivity supported by selective partnerships. AML should retain control of design, vehicle character, craftsmanship and customer relationships, while using partners for scale-intensive capabilities such as electric powertrains, batteries and software. Shared technology should be differentiated through AML-specific design, tuning and customer experience to protect perceived uniqueness.

Controlled exclusivity is suitable because it uses AML's strongest resources without requiring volume-led capital expansion. It is also acceptable because it protects brand value while limiting financial risk, and more feasible than volume growth because it reduces capital and production exposure.

Sustainability should reinforce this positioning rather than operate as a separate programme. For AML, responsible luxury can support differentiation through durable products, repairability, responsible sourcing and longer vehicle life. These practices can strengthen customer trust, protect residual values and reduce material and reputational risk across the supply chain. Porter and Kramer (2011, p. 16) argue that *"[...] the competitive advantages that arise from creating shared value will often be more sustainable than conventional cost and quality improvements."* Khokhar (2025, p. 142) states that *"the social dimension of sustainability in the supply chain is not purely philanthropic in nature, but a crucial factor [...] as it can create profits for everyone involved in the process."* Sustainability investment must remain selective because weak cash generation limits initiatives that do not

improve customer value, compliance or operational resilience. This direction also reflects customer feedback linking sustainable luxury with repairability, reuse and longer vehicle life (AML, 2026b).

The recommended direction is therefore value-led, partnership-enabled and financially disciplined. Its success depends on execution rather than adding further strategic initiatives.

Recommendations and Implementation

The preceding analysis shows that AML's main challenge is not the absence of strategic assets, but its limited ability to convert them into sustainable financial performance. The recommendations therefore aim to increase value per vehicle, reduce technology and investment risk, and protect the capabilities that support differentiation.

Table 3. Recommended actions and implementation plan for Aston Martin Lagonda Global Holdings plc

Strategic action	Implementation	Ownership and timing	Performance measures
Expand high-margin personalisation	Increase Q personalisation, Specials and Private Office engagement to raise margin per vehicle without increasing production risk.	Chief Commercial Officer and regional client teams; implementation within 12 months.	Average selling price, contribution margin, repeat purchases and bespoke-order penetration.
Strengthen partnership governance	Use Lucid and Mercedes-AMG for scale-intensive technologies while retaining control of design, vehicle dynamics, craftsmanship and customer experience.	Chief Technology Officer; review before each major product or platform investment decision.	Partnership costs, number of critical single-source technology dependencies, intellectual property protection, quality and supply continuity.
Stage capital investment	Review battery electric vehicle expenditure against demand, regulation and infrastructure. The \$735 million financing strengthens liquidity but does not resolve weak cash generation (Reuters, 2026b).	Chief Financial Officer and product leadership; review every six months.	Cash flow, capital expenditure, milestone delivery and technology readiness.
Protect critical capabilities	Map critical roles, retain specialist talent and expand training in electrification, digital systems and sustainable materials. Workforce reductions may generate approximately £40 million in annual savings but could weaken future launches if poorly targeted (Reuters, 2026a).	Human Resources and functional leaders; critical-role mapping within six months.	Employee retention, training completion, quality performance and launch readiness.

Source: Author's recommendations based on AML (2026a, 2026c), Reuters (2026a, 2026b) and the preceding strategic analysis.

Implementation should be reviewed quarterly using cash flow, margin, quality, lead conversion, employee retention, supplier compliance and progress towards Scope 3 emissions targets. Teece (2025, p. 25) argues that long-term viability requires “a continuous learning process [...] and ongoing orchestration of intangible assets and other resources.” AML therefore needs consistent execution of a narrower strategy rather than further strategic expansion.

Conclusion

AML holds a distinctive position built on heritage, design, craftsmanship and exclusivity. These resources support premium pricing and emotional customer value, but they have not yet produced sustainable profitability. High debt, weak cash generation, limited scale and dependence on external technology remain the main constraints.

The analysis shows that AML should avoid volume-led expansion and pursue controlled exclusivity. Higher-margin personalisation, Specials and direct client relationships should increase value per vehicle, while selective partnerships should provide access to scale-intensive technologies without weakening brand identity.

The strategy will succeed only if implementation protects specialist capabilities, stages investment in line with evidence and improves financial discipline. Cost reduction must not damage quality, innovation or customer experience, while progress should be monitored through cash flow, margin, quality, retention and emissions.

AML does not lack strategic identity. Its challenge is disciplined conversion: turning a rare brand into reliable cash flow, resilient capabilities and defensible long-term value.

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