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TABLE OF CONTENTS

1. INTRODUCTION	3
2. MACRO ENVIRONMENTAL ANALYSIS OF ROLLS-ROYCE.....	3
2.1. PESTEL ANALYSIS OF ROLLS-ROYCE.....	4
2.2. CONCLUSION OF PESTEL	6
3. ENVIRONMENTAL ANALYSIS	6
3.1. INTERNAL ENVIRONMENT	7
3.2. EXTERNAL ENVIRONMENT	7
4. PORTERS FIVE FORCES ANALYSIS OF ROLLS-ROYCE.....	8
5. SWOT ANALYSIS OF ROLLS-ROYCE.....	10
5.1. ADVANTAGES AND LIMITATIONS OF SWOT ANALYSIS.....	13
5.1.1. ADVANTAGES	
5.1.2. LIMITATIONS	
5.1.3. CONCLUSION.....	14
6. THE STP OF ROLLS-ROYCE.....	15
7. THE MARKETING MIX OF ROLLS-ROYCE	17
8. COMPETITORS ANALYSIS OF ROLLS-ROYCE	19
9. RECOMMENDATIONS	19
10. CONCLUSION.....	21
11. REFERENCES	22

1. INTRODUCTION

This report critically analyses the micro and macro environment of Rolls-Royce plc using PESTEL, Porters Five forces, and SWOT analysis models, to identify its threats, opportunities and productivity. It also deeps into the company's mission, vision, STP and Marketing mix strategies to give more insights.

Rolls-Royce Vision - To deliver highly complex power and propulsion solutions in the air, at sea and on land, building long-term relationships with our customers through service packages.

Rolls-Royce Mission - To lead in meeting increased demand for power for travel, trade and energy, combatting climate change and transition to net zero with the appropriate governance, risk management, strategic resilience and metrics.

2. MACRO ENVIRONMENTAL ANALYSIS OF ROLLS-ROYCE

Macro Environmental Factors - These are external forces that greatly influence the business strategies, decision making success. They are uncontrollable and the organization is not capable of exercising any control over them. The most commonly used tool to analyse these factors is PESTLE which stands for political, economic, social, technological, legal and environmental factors.

PESTEL can be defined as a strategic management framework commonly used by management teams and boards in their strategic planning processes and enterprise risk management planning to evaluate the business environment in which a firm operates (CIPD).

Fig. 1 Diagram of Pestel



Source: *Essentializemarketing.com*

2.1. PESTEL ANALYSIS OF ROLLS-ROYCE

PESTLE analysis is a framework which is imperative for Rolls-Royce, as it helps to;

- i. Examine the various external factors which impacts its business activities,
- ii. Understand market dynamics and
- iii. Strive to improve the brand image to remain relevant and profitable.

According to Rolls-Royce's 2022 second quarter report, The external environmental factors remains challenging, with the war in Ukraine, inflationary pressures, and supply chain constraints, all impacting the business, and it expects these issues to persist into 2023 and beyond,(Rolls-Royce,2022).

Political Factors

Rolls-Royce is a British company that operates across the globe and political factors significantly impact its long term profitability in a country or market. For example, the post-Brexit environment has presented a number of challenges such as; increased trade costs, lower sales and reduced ease of operation to the company. On the positive side, the Russia-Ukraine war has generally increased business for Rolls-Royce, making political factors generally favourable.

Economic Factors:

The Macro environment factors such as; inflation rate, savings rate, interest rate, and foreign exchange rate, determine the level of investment in an economy. While micro environment factors such as competition norms, impact the competitive advantage of the firm. Since Rolls-Royce operates in a premium product market, the rise in number of millionaires in 2022, as reported by Forbes.com, the increased demand for defence supplies and spending(Linkedin.com,2022 and defencenews.com,2022) and increased air traffic numbers in the post-covid environment,(Iata.org,2022), the economic factors are favourable for the company.

Social Factors

Society's culture and way of doing things impact the culture of an organization in an environment. Shared beliefs and attitudes of the population play a great role in how marketers at Rolls-Royce plc understands the customers of a given market and how they design the marketing messages.

Rolls-Royce is a globally known brand for beautiful automobiles. The cars are a piece of art and are a status symbol. Owning a Rolls-Royce means a lot and is known to make an impact on the society. The company's aerospace segment is not much known and therefore, less appreciated. Rolls-Royce brand is generally well accepted in the society and therefore, the social factors are favourable.

Technology Factors:

Technology is fast disrupting various industries across the board and transportation industry is not spared. The last few years has seen electric cars becoming a must have. Thanks to the bold disruptive technological adventure of Tesla. The industry has been transforming really fast, with Taxi industry now dominated by tech companies like Uber and Bolt. Not forgetting move toward automation led by technology firm such as Google. Rolls-Royce is moving towards electrifying its cars to meet the emission requirements. This is not a very favourable factor for the company because of its century long history.

Legal Factors

When company's like Rolls-Royce work across various countries, there are various legalities they need to follow. Various environmental laws change, which affects the production of automobiles. An example of this is the shift from fossil fuel to electric cars. Implementing these changes affect profitability. For example, in 2017, it was fined £671 for failure to adhere to anti bribery law, (BBC,2017). Cases like this, tarnish the brand image of the company. Hence, making it a unfavourable factor.

Environmental Factors:

The renewable energy market is expected to become more and more competitive in the future as various players venture into the market(Rolls-Royce.com). These efforts will reduce electricity bills by enhancing flexibility, and as well reduce fossil fuel usage. The company is committed to making the most of these renewable energy sources. It has created one of the largest sustainable supply chain processes and aims to offer more efficient products and services in all its business areas.

The engines produced by the company have become more advanced thanks to hybrid technology and low emissions. Ultimately, this leads to a lower environmental impact.

With its decarbonisation strategy, Rolls-Royce aims to become a carbon neutral company across its value chain by 2050 and play a leading role in enabling the sector in which it operates to attain it also(Rolls-Royce,2021). This is a favourable factor.

2.2. CONCLUSION OF PESTEL

The external factors in Rolls-Royce's macro-environment presents many opportunities to grow the automotive business. For example, the company can grow based on product development and innovation. This PESTLE analysis also indicates the importance of reform in the company's growth and expansion strategies in the global market. Such strategies should address the opportunities linked to the rapid growth rate of developing countries. In addition, the external analysis shows the variety of issues that Rolls-Royce deals with. For example, the company faces the threat of regulations and consumer concerns regarding automobile emissions. Government regulations on emissions standards, changes in user preferences due to environmental concerns, improvement in battery technology, and the development of autonomous electric vehicles can significantly impact on the adoption of electric vehicles. Therefore, Rolls-Royce needs to move fast in the electric vehicle direction to remain relevant.

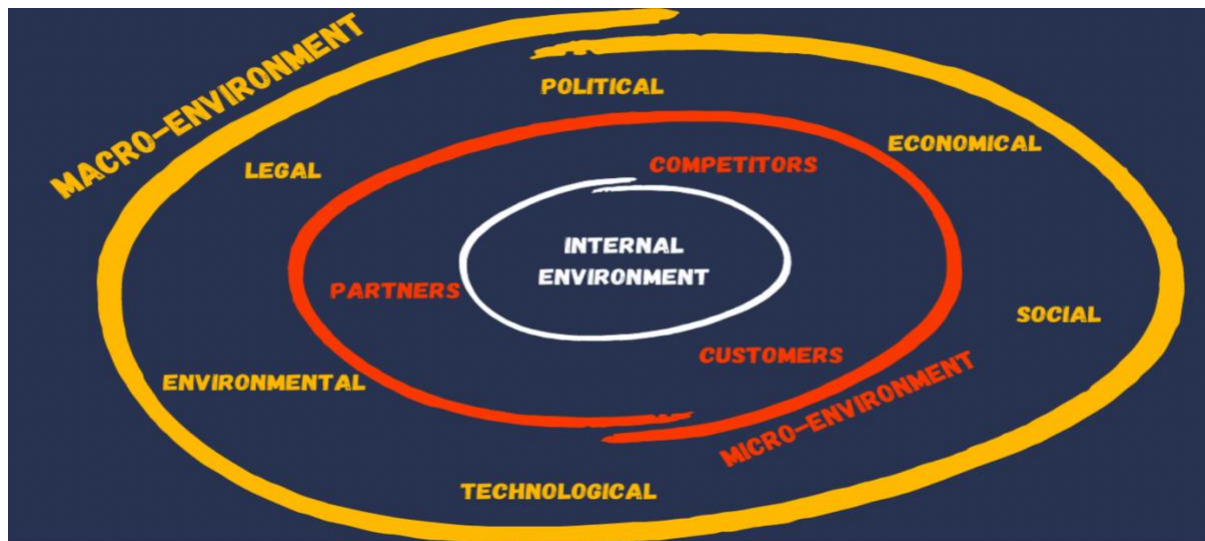
SUMMARY OF FAVOURABLE AND UNFAVOURABLE FACTORS

Factor	Favourable	Unfavourable
Political	✓	
Economic	✓	
Social	✓	
Technological		✓
Legal		✓
Environmental	✓	

3. ENVIRONMENTAL ANALYSIS

Environmental analysis or scanning, is a strategic tool used to identify internal and external elements(threats and opportunities) in the market that may affect an organization's performance. Internal components indicate the business's strengths and weaknesses, while the external components indicate the opportunities and threats outside the organization (Indeed,2022). These indicators further help in organisational decision-making process so as to align effective strategies. The business market environment is highly dynamic and greatly influences business efficiency, profitability, and operations.

Fig.2 Business Environmental analysis



Source: Essentialisemarketing.com

3.1. INTERNAL ENVIRONMENT

The internal environment comprises of all the factors or forces within an organization. They are within the control of the organisation and can be changed or modified as per the demand in the market and business requirement. There are five factors that form the internal environment of an organization namely; Money, Men, Markets, Materials and Machinery. These factors also referred to as the five Ms of a business are analysed using SWOT.

3.2. EXTERNAL ENVIRONMENT

The external environment consists of all the factors that exist outside the organization to which, it has little or no control over. External environment can be divided into micro and macro factors. The external environment is analysed using the Porters Five and PESTLE analysis models. Environmental scanning is a broad view approach which helps the management of an organisation to plan its future actions. Companies develop strategies after examining the external factors to identify issues and derive solutions which improves business performance and optimizes operations.

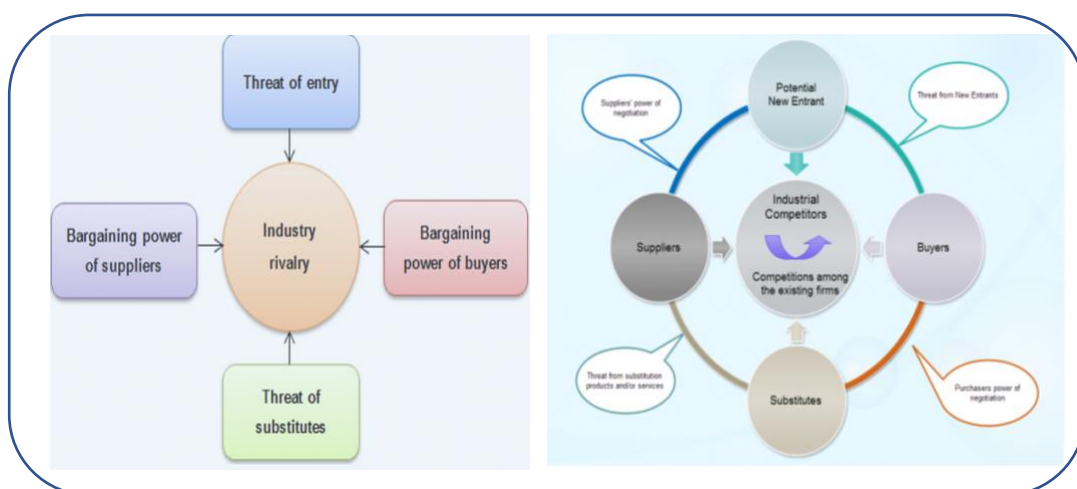
Environmental analysis practice involves the following steps;

1. Identifying factors that need evaluation using PESTLE
2. Critically Examining the factors by using online resources or read print magazines, journals, and books to research what will impact the business.
3. Scanning competitors and evaluating their position in the industry to determine threats and opportunities for the business.
4. Evaluating organizational Impacts through forecasting to predict how certain factors impact the business.
5. Devising an action plan consisting of problem statements and solutions focusing on bettering business operations and productivity.
6. Implementing the new strategic factor-driven solutions to solve the challenges and enhance efficiency and productivity.

4. PORTERS FIVE FORCES ANALYSIS OF ROLLS-ROYCE

Porter Five Forces analysis is a strategic management tool used to analyse the industry in which Rolls-Royce operates and understand the underlying levers of profitability. Rolls-Royce managers utilize this tool to understand how the five competitive market forces influence its profitability and therefore, develop strategies for enhancing the company's competitive advantage and long term profitability in the industry.

Fig. 3 Illustrative diagram of Porters Five Forces model



Source: Harvard Business Review: 'How Competitive Forces Shape Strategy'

ANALYSIS OF EACH FACTOR

Competitive Rivalry in the Market

Rolls-Royce is both a luxury car manufacturer and a aircraft engine manufacturer, which are radically different industries. The aerospace industry has been growing at a steady pace and is anticipated to continue for the next two decades,(Gov.uk,2020). The main rivals of Rolls–Royce in this sector are General Electric Aviation, CFM International and Pratt and Whitney. These four companies control aviation engine manufacturing,(Statista, 2021). Competition has increased due to the establishment of manufacturing plants in Asia. As a result, western countries are decreasing dependency on China,(Reuters,2021). Rolls-Royce currently controls a sizable share of the aircraft engine market,(Stista,2022). Competition in the market is high.

In the luxury car industry, there are other players such as Tesla, Bentley, Mercedes Benz, Audi, Porsche, etc that have the potential to change the industry trend and landscape because, they constantly investing in innovation to differentiate themselves and focus more on customer experience, safety and promotion to win them over. This competitive rivalry has increased and therefore, the competitive rivalry is high.

Threat of Substitutes

Growth in the aerospace industry is unprecedented due to security threat around the world and increased air passenger numbers post covid,(Linkedin,2023 , Lineberger, 2019 and (Rosen, 2018). Rolls-Royce is favourably ranked in the global defence market (Defence news, 2020). It is among the top four engine manufacturers in the world (Statista, 2021). The industry is technologically advanced and highly competitive. The high switching cost makes threat of substitution low.

In the luxury car industry, new premium electric models of Mercedes Benz, Bentley, Tesla etcetera, can be considered substitutes, but they do not match the experiential and social benefits that Rolls-Royce offers. Therefore, the threat from substitutes in this niche market is low.

The Threat of New Entrants

The aerospace industry requires high capital investment and competition is high due to high market concentration. The threat of new entrants is therefore low.

In the luxury car industry, the barriers of entry are high because of high marketing costs, high capital expenditure and the legal requirements by the local governments. Hence, the threat of new entrants is also low.

Bargaining Power of Buyers

There are only three primary manufacturers of aeroplanes globally, namely; Airbus, Boeing, and Bombardier, compared to four major engine producers. Considering that Boeing and Airbus alone constitute 99% of the market share (Aero-space technology.com,2020 , Cnbc.com, 2019), The bargaining power of buyers of Rolls-Royce aerospace products is high.

In the luxury car industry, there is almost no brand that match Rolls-Royce stature to choose from. Therefore, customers cannot demand a lower price. Hence, the bargaining power of buyers is low.

Bargaining Power of Suppliers

Considering that, there are only four primary manufacturers of aircraft engines globally,(Statista,2022), the bargaining power of suppliers is low. Even when we consider Rolls-Royce as a supplier to aeroplane manufactures, the bargaining power remains low due market dominance of Boeing and Airbus.

In the luxury car industry, there are a few considerably large suppliers with the potential to influence production but the huge number of suppliers in the market, high differentiation of Rolls-Royce products and high brand equity, renders the bargaining power of suppliers low.

5. SWOT ANALYSIS OF ROLLS-ROYCE

SWOT Analysis is a analytical tool for analysing the strengths and weaknesses of an organisation, as well as the opportunities and threats that it faces because of competitive and macro-economic factors prevalent in its market. The model provides key insights into both internal and external forces that can impact the performance of an organisation,(Corporate finance institute). It enables managers of Rolls-Royce to optimise performance, seek new opportunities and manage competition by minimising business risks through effective policy implementation and maximising return on resource.

Fig. 4 Rolls-Royce SWOT analysis table

Strengths	Opportunities
◆ Long term Reliability compared to other luxury cars. ◆ Engineering capability- Rolls-Royce car designs are tailor made and handcrafted. ◆ Excellent brand image ◆ Effective global strategy ◆ Big capital base for continuous innovation	◆ Increasing number of millionaires across the globe provides opportunities for new markets. ◆ Increasing government regulations are making it difficult for un-organised players to operate in the Aerospace industry. This can provide Rolls Royce Holdings plc an opportunity to increase the customer base.
Weaknesses	Threats
◆ Business Model of Rolls Royce Aerospace industry ◆ can be easily imitated by the competitors. High cost of replacing existing experts when they leave. ◆ High turnover of employees at the lower levels is also a concern for the Rolls Royce	◆ Recent exit of chief executive ◆ Changing political environment ◆ Declining trade Relation between US and China ◆ Shortage of skilled human resources ◆ Environmental regulations on carbon emission.

Source: Author of this report

STRENGTHS OF ROLLS-ROYCE

The strength of Rolls-Royce is what makes it different from others and the best in the market.

- **Parent Company Support:** The financial strength of BMW has enabled Rolls-Royce to invest in research and development and innovate the best technologies in the industry in which it operates.
- **Global presence:** Rolls-Royce's presence in fifty countries and brand awareness in about 130 countries presents opportunities for new markets.
- **Brand image:** Rolls-Royce has an excellent image across the globe because of its quality products and services which promotes its brand resonance.
- **Work force:** Rolls-Royce employees are one of the best skilled in the industry with a very strong technical and innovative skills.

WEAKNESSES OF ROLLS-ROYCE

Despite its remarkable achievements, Rolls-Royce also have shortcomings which it turn into opportunities and strength. They include;

- **Market size:** Rolls-Royce operates a very small market because of its business model. It can widen it by slightly tweaking it to accommodate the middle class.
- **Restrictive sales strategy:** Rolls-Royce is known to ask for income statements of prospective customers. This is a confidential document which many people would not want to share and therefore, denies them of new customers.

OPPORTUNITIES OF ROLLS-ROYCE

The current market trend presents a number of opportunities for Rolls-Royce to improve and increase its offerings.

- **Automation:** The technological advancements in the automobile industry such as electrification and automation(self-driving cars), presents Rolls-Royce with opportunities to demonstrate its market leadership.
- **Increasing number of millionaires:** Research data from renown organisations like Forbes indicate a continued increase in the number of wealthy people which presents Rolls-Royce growth opportunities.
- **Changing demographics:** Research reports also shows a decrease in the average age of the rich. These customers want cars that represents their life style. Therefore giving the company opportunities to exercise differentiation strategies.

THREATS OF ROLLS-ROYCE

The current market trend presents a number of risks that can result in loss of reputation and sales, if not handled. Among these threats are;

- **Increasing Competition:** The tremendous increase in premium electric vehicle brands from market rivals like Mercedes Benz, Audi etcetera threatens Rolls-Royce survival if it does not quickly join the market.
- **Increased cost of raw materials:** The cost of materials such electricity and gas needed to produce Rolls-Royce premium products is increasing day by day,

negatively impacting on the cost of the production. This in turn, makes the cost of its products very expensive for the target customers.

- **Political uncertainties** in the countries where Rolls-Royce operates for example, United Kingdom where there has been three Prime ministers in 2022 alone, can prove to be a barrier in business, hindering performance at times and making the business incur unnecessary costs.

5.1. ADVANTAGES AND LIMITATIONS OF SWOT ANALYSIS

5.1.1. ADVANTAGES

- a) **Factor identification:** Using SWOT analysis allows an organisation examine its internal and external environment and identify factors that are favourable and unfavourable to its goals and objectives.
- b) **Stimulates critical and reflective thinking**, enabling an organisation to understand and appreciate its current core competencies and deficiencies. Furthermore,
- c) **Diverse application:** It can be applied across all departments of an organisation, specific projects, processes and practices etcetera, to analyse their effectiveness within the business.
- d) **Simplicity:** The framework as an analytical tool, does not require specialised training or technical skills to use it and can be performed within a relatively short period of time, making it inexpensive.

5.1.2. LIMITATIONS

- a) The potential of an overlap of a single factor as both a strength and a weakness is its major limitation. For example, the Russia-Ukraine war is good for Rolls-Royce aviation portfolio due to increased demand for military equipment but at the same time, it has affected its profitability in commercial aircraft sector by limiting free movement of people therefore reducing engine flight time on aircrafts.
- b) The model is only applicable as a starting point for strategic decisions, due to its limitation on how to attain the goals.
- c) The evaluation made using the SWOT analysis is a static process which does not accommodate the changes in the competitive environment.
- d) There is a possibility of over emphasising the factors listed in the model.

- e) Some interrelationships between internal and external factors are omitted from the SWOT matrix.

5.1.3. CONCLUSION

According to Klisauskaite,(2022) in Aerotime hub, Rolls-Royce in its first quarter report, said it was well-positioned to achieve positive financial results in 2022, citing cost reductions, recovery from the Covid-19 pandemic, and strong demand in defence supplies. This positive outlook is derived from its ability to; anticipate its customers' needs, develop cutting edge technologies, design solutions, develop world class production capabilities, increase the number installed original equipment, capture the life value of in-service products and generate stakeholder value.

These factors combined with its cross-cutting capabilities and assets such as; Brand and heritage, people and culture, innovation and culture, partnerships and digitalisation, supports its strategies thereby creating a unmatched competitive advantage.

6. THE STP OF ROLLS-ROYCE

Market Segmentation is a strategy used to group a broad customer base by characteristics to identify the perfect target audience. Rolls-Royce's target audience is a niche market composed of the ultra-wealthy celebrities, entrepreneurs, and athletes who seek premium products as a status symbol. Rolls-Royce strategically segments and targets its customers on basis of the benefit sought and strategically positions its premium products in this niche market to satisfy these sought needs.

SEGMENTATION STRATEGY

Rolls-Royce segments the market based on the following demographic criteria;

1. **Socio-economic status:** Age, Income and Gender plays an important role in the company's segmentation strategy. Rolls-Royce used to primarily target older, retirement age persons. However, due to the rising number of younger millionaires, the average age of a Rolls-Royce clients has dropped from 60 to 43, (Cnn.com,2022 , BloombergUK,2017).
2. **Geography:** Geographical locations has a sizeable impact on Rolls-Royce marketing strategy. Geographical segmentation is purely based on economic status. A Rolls-Royce car is an extremely expensive product as such, areas with higher concentration of capital resources and liquid assets such as UK, US, China, Hong Kong etcetera, is its target market. That is why Rolls-Royces are a common sight in cities such as London, Dubai, Monte Carlo, and Los Angeles.
3. **Psychography and Brand Loyalty:** Psychography is a vital factor in Rolls-Royce sales strategy as it mainly targets individuals with an opulent aristocratic lifestyle, seeking to splurge on premium goods to reward themselves and the socio-economic status of owning a brand that is so valuable and highly sought after. A Rolls-Royce car is fully customised to the customer's exact preference which makes them become loyal to the brand and therefore, Rolls-Royce has almost no trouble keeping their wealthy clients loyal to the brand.

TARGETING STRATEGY

Rolls-Royce uses its long-standing symbol of status and aristocracy combined with luxury to target only the rich and affluent with high disposable income. Typical customers are people such as sports celebrities and entrepreneurs, who are at the pinnacle of their careers with a substantial financial muscle, and in need of a personalised luxurious, fast, peaceful ride with a taste of exclusivity.

POSITIONING STRATEGY

Rolls-Royce positions itself as the most premium brand in the world of luxury cars. It is a symbol of royalty, extravagance, and pride. A Rolls-Royce car is said to provide a more luxurious and quick ride than the competitors, (BBC Top Gear). Rolls-Royce takes advantage of gift giving seasons such as; Christmas, Valentine's day, and New year's, to promote their cars by sending customised leather goods, and accessories to their customers. Occasionally, they use special holidays and seasons to release one-off special models.

The positioning strategy of Rolls-Royce takes various strides.

1. Innovation

Rolls-Royce uses cutting edge innovative technologies such as; digital gage cluster, customised infotainment screen etcetera, and craftsmanship to create a competitive in the market.

2. Differentiation

Rolls-Royce uses customisation to satisfy the differences in customers lifestyles and effectively sell its products in a diverse market. For its executive customers with a busy and chaotic work life, it provides a relaxing luxury office on wheels and a head-turning ride for celebrity customers seeking presence. Rolls-Royce cars are more valuable and stand out emotionally to the client than other cars.

3. Reposition

The changing trend in Rolls-Royce market requires repositioning so as to adapt. The customers used to be mostly in the average bracket of 60 years, however, this has drastically dropped to 43. Which means that many customers are in their 20s and 30s. The company has engaged a campaign to appeal to these younger market through advertisements and the release of sportier models such as Cullinan, Phantom Coupé and Wraith.

7. THE MARKETING MIX OF ROLLS-ROYCE

Marketing mix refers to an organisation's strategic promotional actions to create brand and product awareness in the market. Rolls-Royce deploys a series of unique marketing strategies to acquire and retain customers using product, price, place and promotion. Exclusive events for customers are organised, contacts initiated and deals struck.

Product Strategy

The design and development process of Rolls-Royce cars such as Phantom, Ghost, and Wraith is conducted by focusing on the branding strategy of premium quality which satisfies the customers' needs. The models come in a sedan, coupe or convertible variation. The uniquely long front bonnet, metallic finish exteriors and tailored interiors distinguish these products in the market. Rolls-Royce invest in developing concept cars that are the ultimate definition of luxury in the automobile industry.

Price Strategy

Rolls-Royce is a famous brand with unrivalled brand value. It utilises a premium pricing strategy for its products which appeals to affluent people who care about their reputation, and status with little care about extravagant spending. Associating with the Rolls-Royce brand is a status symbol, and the business capitalises on this by offering premium price range of £250,000 as the entry level. This pricing strategy is supported by its high quality products and services.

Branding strategies

The Royce brand is recognised for its distinctive customisation whereby no two vehicles they make are alike. The branding approach is designed along the tag lines of; luxurious drive with simplicity, dynamic power, spirit of ecstasy and surge of power. Hand-crafted through and through with personalised features, lavish royal status, and a superb after sales service.

Place Strategy

Rolls-Royce is a highly desirable brand operating in over fifty countries and product presence in over 150. The main sales figures come from the Middle East, Great Britain and the Asia-Pacific region, (Rolls-Royce motocars.com). The company leverages the extensive distribution network and dealer services resources of its parent company to ensure its vehicles are delivered to customers quickly and smoothly.

Channels of distribution

Rolls-Royce deals in a high involvement products in an extremely niche market. Its effective channels of distribution are; direct sales, exclusive distribution, independent distributor and reseller agent.

Promotion Strategy

Rolls-Royce has a rich heritage and is an inspiring brand. Its products are designed for a niche market of wealthy people and therefore, it does not follow the conventional advertising channels such as television, print, online advertising, etcetera, in its marketing mix. Its marketing techniques include; exhibitions at high profile events, exclusive hotel dinners and exclusive vehicle shows. It also relies heavily on word of mouth from wealthy and successful celebrities and business personalities who are its satisfied customers.

8. COMPETITORS ANALYSIS OF ROLLS-ROYCE

Competitor analysis is an approach for identifying products, sales and the marketing tactics, of a significant competitor. Some of the major players in the luxury car market are Mercedes-Benz, BMW, Volkswagen Group and Tesla. The market is heavily influenced by factors such as advanced technology, increased comfort and increased investment in electric vehicle technology.

The automotive industry is highly competitive, with each company striving to develop a car better than the other company. In 2018, a whopping \$99.8 billion was spent on research and development in the industry (Statista, 2022b). Threat of a new entrant is extremely low, the exit barriers is very high and industry competitive rivalry is very strong.

9. RECOMMENDATIONS

The Rolls-Royce has been successful in its global business operations due to its strategic growth choices and decisions. These growth decisions and growth paths have been varied for different regions, at different points, based on the internal and external organisational factors.

The company can further this success story by intensifying the use of Ansoff matrix strategies to maintain its market leadership in luxury car manufacturing and aviation engine technology in the following ways;

Market penetration

Using the market penetration strategy, it can seek growth for existing products in markets where their brands are existing, and already operational by increasing production capacity to reach more customers within the same market especially in the luxury car portfolio, Increasing investment in marketing of the motor cars, Enhancing distribution channels to reach new consumer segments in the same market. Furthermore, considering that Rolls-Royce products is one of the most expensive in the market, using Competitive pricing strategy, it can introduce price cuts to increase the appeal of its products, enhance consumer engagement, increase sales and its competitive advantage. Through Acquisitions, it can buy off competitors so as to enhance leverage in reaching different consumer groups and segments.

Market development

Currently, Rolls-Royce is focus majorly on European, American, Chinese and Saudi Arabia markets for its luxury car brand. Using market development strategy, Rolls-Royce can enhance its business growth through introducing existing products in new markets like Africa where research shows increase in number of millionaires,(Statista, 2022a, Forbes,2021) .

Product development

Through the product development strategy, Rolls-Royce can Strategically create partnerships with market giants like MTN in Africa where they are less visible to enable it have access to new product development processes that can increase Rolls-Royce brand awareness with limited financial investment and thus limited risk involved.

Diversification

Using this strategy, Rolls-Royce can introduce new products in new markets and remain relevant, competent, innovative and competitive.

FURTHER RECCOMENDATIONS USING ADVANCED SWOT ANALYSIS MATRIX

OPPORTUNITIES	RECOMMENDATIONS BASING ON	
	STRENGTH - OPPORTUNITY STRATEGIES	WEAKNESS -OPPORTUNITY STRATEGIES
◆ E-commerce is also growing due to increased growth in Internet usage globally. ◆ Social media users are increasing worldwide. ◆ Increased demand for environmentally friendly products and services. Government is offering subsidies on these.	◆ Rolls-Royce should increase digital marketing to increase brand awareness and attract customers. ◆ Utilise its visibility on social media for marketing and to attract customers towards its website. ◆ Develop electric Rolls-Royce cars and environmentally friendly Rolls-Royce aircraft engines.	◆ Develop Financing options through low interest rate to increase the customer engagement and brand resonance. ◆ Increase wages and salaries, provide incentive packages and benefits to employees to increase morale in challenging times like the current cost of living crisis.
THREATS	STRENGTH -THREAT STRATEGIES	WEAKNESS - THREAT STRATEGIES
◆ Increased threat of new entrants coming into the market. ◆ Increased competition within the industry. ◆ Increased inflation and interest rate. ◆ Increased fuel prices in recent months making inputs expensive.	◆ Rolls-Royce should strengthen its distribution network to fight off new entrants into the market. ◆ It should use its financial strength to carry out mergers and acquisitions . This will help to wade off the increasing competition in the market. ◆ Rolls-Royce can also use its highly innovative teams to identify cheaper alternatives to fuel to reduce operating costs.	◆ Rolls-Royce can increase spending on research and development to increase its competitive advantage. ◆ To improve talent retention and increase motivation, Rolls-Royce should increase the incentives it currently offers as a way of increasing employee engagement and improving work environment. This will help to avoid employee strikes which tarnishes the company's brand image.

10. CONCLUSION

This report conducted an in-depth environmental marketing analysis of Rolls-Royce plc using Pestle, Porters five forces and Swot analysis models, taking into consideration the key external influencing drivers together with the role that marketing plays within the organisation, and concludes that, Rolls-Royce is the world's leading luxury car maker with a remarkable competitive advantage. Its aerospace portfolio is also performing well in the industry. However, it speed up its plans to engage in the electric vehicle market.

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