



University of Wales
Trinity Saint David
BIRMINGHAM

Erika Stecca

Student number: 2314517

**Course title: Strategic Management
and Sustainability**

Module: LCBB6015

Contents

1. Introduction	3
2. Company Overview	3
3. Strategic Intent.....	4
Vision	4
Mission.....	4
Strategic Objectives.....	4
Critical Evaluation	5
4. Current Performance	5
5. Strategy Analysis	6
5.1 External Analysis.....	6
PESTEL Analysis.....	6
Porter's Five Forces	6
5.2 Internal Analysis	7
SWOT & VRIO Analysis.....	7
6. Strategy Formulation	8
7. Conclusion	8
8. References	9



1. Introduction



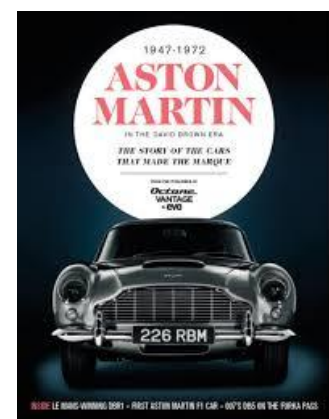
What is Strategic Management? Analysis, design and implementation of strategy to achieve competitive advantage (Johnson, 2020). Strategic management in the automotive industry is becoming more important due to rapid changing technologies, new laws and regulations and shifting customer needs that have a focus on

sustainability and digitalisation. This thesis zooms in on three of the biggest trends within the automotive industry such as electrification, autonomous driving and connected solutions and how automotive companies need to embrace these trends and face the challenges of achieving innovation and strategic partnerships.

What are the chances Automotive companies must be successful in the future? According to Heineke, Kampshoff and Möller (2024) Automotive companies must act fast, innovate and build alliances. This report presents a strategic situation assessment of Aston Martin Lagonda, a luxury sports car manufacturer with its headquarters in the UK (Astonmartin.com, 2016); and it includes an analysis of both internal and external environment. In the external view of the Luxury Car Market, PESTEL and Porter's Five Forces analysis are used to understand the overall market scenario in which Luxury Car Manufacturers are operating. The strategic recommendations are aimed at helping the brand remain competitive, make the transition to an electrified future and grow and sustain itself in the long term.

2. Company Overview

Aston Martin Lagonda is one of the world's leading luxury car manufacturers, with a 105-year history of designing and hand assembling beautiful, high-performance, bespoke cars in Gaydon in the UK. Iconic models such as Vantage and DB11 have become legendary in the automotive world. The brand recently launched its first SUV, DBX, which has received immense interest from the growing global wealth segment. The company has significant presence in Europe, North America and Asia-Pacific and is on a transformation journey to become a leader in future mobility, developing hybrid powertrains on current platforms with an ambition to launch a fully electric car by 2025. As one of the most recognized brand names globally with a century old heritage, the company faces the challenge of growing competition, slow adoption of innovation and decreasing competitiveness for the future (Astonmartin.com, 2016).



3. Strategic Intent

The strategic intent of an organisation represents its long-term ambition and underpins its drive for sustainable competitive advantage (Hamel and Prahalad, 2010). It reflects an organisation's vision, mission and objectives as well as its chosen method of competition within a highly competitive industry. As one of the few luxury brands in the automotive sector, now facing unprecedented challenges in a global industry, Aston Martin requires an appropriate strategic intent.

Vision

Aston Martin wants to be the world's biggest maker of ultra-luxury performance cars - and its future includes eco-friendly models. The luxury brand must reinvent itself for the future of motoring.

I am disappointed not to see a distinctive future vision for the brand, absent of customer focused and sustainable innovation, and competitors such as Ferrari and Porsche are embedding electrification into their brands (Heineke, Kampshoff and Möller, 2024). This plan is entirely reactive and lacks the visionary and distinctive strategy required to create space to compete (Johnson, 2020).

Mission

The company states: "Our mission is to offer an exclusive range of high-performance luxury vehicles whose superior craftsmanship, innovative design and cutting-edge technology make them unique products on the market." This goal reflects the company's heritage and its main value of brand capital as intangible assets (Barney, 1991).

While the 'emotional connection and personalisation' mission appears to be being fulfilled, there is still much to be done in this regard. For someone who positions themselves at the vanguard of the supercar industry, Aston Martin has been slow to deliver a fully electric car which is a concern as to whether the mission is driving your day-to-day activity. As Porter (2008, pp.78–93) highlighted, for a mission to be relevant, it must translate to the activities of employees.

Strategic Objectives

To make profit, introduce more electrified cars to the line-up, increase global presence and deliver a more meaningful experience to customers, Aston Martin is set to undergo a transformation driven by two key industry trends: digitalisation and sustainability (Hamel and Prahalad, 2010).

The theoretical aims seem achievable, but the operational reality is rather more difficult:

- **Profits vs Investments** - The Large Investment Required to Go EV May Challenge Short-Term Profits. There are many challenges that must be

addressed by automotive manufacturers before they can mass produce electric vehicles.

- **Electrification Goals:** Late entry into the EV market which can limit opportunities to grab first mover advantages.
- **Global Expansion:** Luxury products will “tap into new markets across the world, aiming their high-end wares at the expanding middle class”.

It might be useful to make the Objectives in the purposes more specific and measurable. From a strategic management perspective, it would be helpful to set targets which would facilitate monitoring of performance and hold more people accountable.

Critical Evaluation

Aston Martin has an appropriate strategic intent given the current industry trends, but this translates into a strategy brief that lacks clarity and focus. Reliance on its heritage brand is unlikely to enable the exploitation of disruptive innovation (O’Shannassy, 2016).

In addition, there is a conflict between exclusivity and the necessary incorporation of technologies as electrification and digitalisation to make the brand sustainable in the long term. This strategy of sustainability undermines the brand value proposition.

For Aston Martin, its strategic intentions need to be re-defined with the new objective of sustainable luxury performance leadership. The adoption of electrification and innovation must be seen in terms which do not dilute brand values and differentiation.

4. Current Performance



Luxury car manufacturer Aston Martin has seen its revenue soar by 29% thanks to the launch of its first SUV. But the results for the year to December 31 also reveal how costs have risen and profits have slumped due to increased investment in the business (Aston Martin, 2024).

Aston Martin is venturing into a new sector of the market with its first luxury SUV called the DBX. But it will not be alone as the maker takes on more traditional competitors such as Ferrari and Porsche in a battle for premium car supremacy that will be won in the electric vehicle stakes.

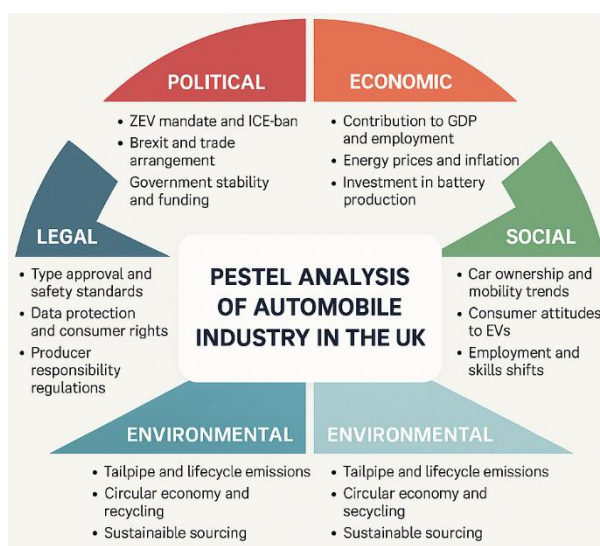
The strategic partnership with other major car manufacturers, could be seen as a positive for the company as it is currently partnered with Mercedes-Benz, allowing it to utilize advanced car technology and aid the design and development of cars for the brand.

The premium automotive segment faces several challenges including high debt, supply chain issues and delayed transition to electrification. But there are also opportunities as luxury electric vehicles are increasingly gaining traction in emerging markets around the world (Statista, 2023).

5. Strategy Analysis

5.1 External Analysis

PESTEL Analysis



Aston Martin's strategy will be shaped by several external factors. Politically, the road ahead will be fraught with challenges, particularly as both the UK and EU are bringing legislation to reduce car emissions to promote electric vehicles (IEA, 2023). The economic environment remains as lucrative for luxury cars as it has ever been, however the smaller manufacturer is facing increasing production costs with the added pressure of high debt levels (The Strategy Story, 2023). A heritage rich brand, Aston are

most famous for producing high-performance combustion engines. The challenge for the brand will be to meet the increasing demands for sustainability, technological and social change of its target market. Aston Martin faces environmental pressures to reduce the g/km of both manufacturing and lifecycle emissions, and a greener manufacturing strategy. The external pressures to reduce environmental impact have also translated into legal requirements to reduce environmental impact by ensuring a safe and sustainable working environment. These factors have served to drive up the compliance costs associated with manufacturing prestige products but have also served to increase the barriers to entry for potential competitors by requiring effective working procedures and safe operation protocols.

Porter's Five Forces

The competitive dynamics at work in the Aston Martin sector can be characterized using Porter's Five Forces framework (Porter, 2008, pp.78–93). The level of competitive rivalry is high owing to other established luxury car brands with strong brands such as Ferrari, Lamborghini and Porsche vying for market share. To maintain brand loyalty in the face of declining sales, each of these brands is pouring significant amounts of capital into developing electrified cars with the latest technology. The threat of new entrants is low given



the large sums of capital required to enter the sector as well as the large R&D efforts and cost of bringing products to market in compliance with new regulations. While there are some new entrants focused on electric vehicles and with large funding, this threat is currently low. The power of suppliers is high given specialized components such as semiconductors and batteries. As a small player compared to rivals like Ferrari and Porsche, Aston Martin does not have as much negotiating power with suppliers as they could. Finally, the power of buyers is moderate but increasing as luxury car buyers expect vehicles with the latest technology, sustainable credentials, and high performance. There are an increasing number of premium electric vehicles from brands like Bentley, Rolls Royce, and Porsche that will continue to challenge Aston Martin in this regard. The threat of substitutes to the luxury car market is increasing as high performance EVs and other sustainable mobility options such as shared transport and low emission alternatives continue to emerge (IEA, 2023). The competitive environment in which The Company operates is changing and requires it to remain agile and respond to the shifting landscape. The Company recognises the need to consider innovative partnerships and collaborations to continue to deliver on its strategy.

5.2 Internal Analysis

SWOT & VRIO Analysis



The internal environment at Aston Martin consists of both the strengths and weaknesses of the company. The strengths include the intangible assets and unique strengths embedded in the historic brand heritage, exclusivity and hand-crafted luxury that give the company a rare competitive advantage and enable them to command high premium prices and customer loyalty. However, there are also some significant weaknesses that pose considerable barriers to the company's investment in electrification and digital innovation, including significant financial

instability, high debt levels and inelastic economies of scale. From a VRIO perspective, although the historic Aston Martin brand may have some remaining value and in the short term it may remain difficult to imitate, its technological capabilities will not deliver sustainable competitive advantage in the longer term and are currently wholly dependent on partnerships.

Value chain inefficiencies, especially in manufacturing and the value network, further constrain flexibility and drive costs. The current product portfolio is heavily dependent on internal combustion engines, and the emerging electric portfolio is underdeveloped and uncompetitive. Heritage is a potent asset and a powerful source of product differentiation, but there is a risk that an over reliance on it might prevent the necessary transformation to future competitiveness.

Without a step change in investment in technology and operational resilience, Aston Martin will become increasingly irrelevant as future markets are shaped by electrification and innovation (The Strategy Story, 2023b).

6. Strategy Formulation

Strategy formulation is about matching strengths and capabilities with market opportunities to deliver competitive growth. For Aston Martin that means sticking to its heritage of high-performance prestige cars or a radical shift to electrification and digital technology. Using the Ansoff Matrix shown below the highest potential for growth comes from product and market development, i.e. electric and hybrid vehicles for the existing market and entry into emerging new luxury market segments (Aston Martin, 2024). However, this higher risk option can deliver sustainable differentiation by harnessing electrification to further brand heritage values of exclusivity and hand-crafted luxury manufacture.

Our advice is for the car to follow a policy of sustainable differentiation:

1. **Accelerated Electrification:** Launching high-performance EVs that reflect luxury values.
2. **Strategic Partnerships:** Collaborating with technology leaders to access powertrain and software capabilities (Barney, 1991).
3. **Digital Customer Experience:** Enhancing in-car connectivity, AI-based personalization, and service-based offerings (Statista, 2023).
4. **Supply Chain Resilience:** Diversifying suppliers and selectively integrating critical components.
5. **Brand Reinvention through Sustainability:** Using sustainable materials and carbon-neutral manufacturing to reinforce luxury appeal.

Our approach to creating the car of the future draws heavily on the brand values of Aston Martin and works to create a relevant and competitive proposition that address both technology and operating deficiencies (Statista, 2023). This is an extremely

capital-intensive project that has required several high-profile partnerships, but one that will ensure the brand remains competitive in the future.

7. Conclusion

Aston Martin is one of the most recognised and prestigious luxury car brands with a heritage rich story to date. However, there is much to be done to maintain competitive advantage. Meeting the electrification agenda, sourcing the most competitive technology to support future growth whilst addressing the current financial quagmire will be paramount. The strategy to develop electric and hybrid cars, creation and exploitation of strategic partnerships, a seamless digital customer journey, optimisation of the supply chain and the embedding of sustainability into a premium luxury brand proposition all need to be acted upon quickly. Heritage is important, exclusivity paramount. However, with swift change it can combine heritage with innovation to build long term sustainable value.

8. References

- Aston Martin (2024). *Annual Report*. [online] Astonmartin.com. Available at: <https://www.astonmartin.com/en/corporate/investors/annual-report> [Accessed 27 Mar. 2026].
- Astonmartin.com. (2016). *113 Years in the Making*. [online] Available at: <https://www.astonmartin.com/en-gb/our-world/113-years-in-the-making> [Accessed 27 Mar. 2026].
- Barney, J.B. (1991). *Firm Resources and Sustained Competitive Advantage*.
- H. Igor Ansoff (1957). *Strategies for Diversification*.
- Hamel, G. and Prahalad, C.K. (2010). *Strategic Intent*. Boston: Harvard Business Review Press.
- Heineke, K., Kampshoff, P. and Möller, T. (2024). *Spotlight on Mobility Trends*. [online] Available at: <https://www.mckinsey.com/~media/mckinsey/industries/automotive%20and%20assembly/our%20insights/spotlight%20on%20mobility%20trends/spotlight-on-2023-the-trends-transforming-mobility.pdf> [Accessed 27 Mar. 2026].
- IEA (2023). *Global EV Outlook 2023 – Analysis*. [online] IEA. Available at: <https://www.iea.org/reports/global-ev-outlook-2023> [Accessed 25 Mar. 2026].
- Johnson, G. (2020). *Exploring Strategy, Text and Cases, 12th Edition*. 12th ed. Pearson UK.

O'Shannassy, T.F. (2016). Strategic intent: the literature, the Construct and Its Role in Predicting Organization Performance. *Journal of Management & Organization*, 22(05), pp.583–598. doi:<https://doi.org/10.1017/jmo.2015.46>.

Porter, M.E. (2008). *The Five Competitive Forces That Shape strategy*. Boston, Massachusetts: Harvard Business School Press, pp.78–93.

Statista. (2023). *Luxury Cars: Market Data Analysis & Forecast | Statista*. [online] Available at: <https://www.statista.com/study/49989/luxury-cars-report/?srsltid=AfmBOoou8MV2EQDaj5MYfnEEBSEdX2t47rzJvfqFpKrTGEQZ4b9m4lQr> [Accessed 25 Mar. 2026].

Statista. (2026). *Luxury Cars - Worldwide | Statista Market Forecast*. [online] Available at: <https://www.statista.com/outlook/mmo/passenger-cars/luxury-cars/worldwide?srsltid=AfmBOorCwOessiHtJGCvxueHzmtfOhdeopbh2YcGwPwfBwdWO176iQRc#unit-sales> [Accessed 27 Mar. 2026].

team, dcf model (2025). *Aston Martin Lagonda Global Holdings Plc (AML.L): VRIO Analysis*. [online] AI-Powered Discounted Cash Flow Model Templates. Available at: https://dcf-model.com/products/amll-vrio-analysis?srsltid=AfmBOoos4iZ5hJyA1W3QKqXmZiH-VT1FmoXwV7dSnMKU_P3lEoWLBObY [Accessed 24 Mar. 2026].