

Contents

Market Overview	2
Section 1(Environment):	3
JLR market overview:	3
Political:	3
Economic:	4
Social:	5
Technological:	5
Environmental:	5
Legal:	6
Section 2(Strategy):	7
Initial Briefing:	7
Business Model Analysis:	7
Section 3(Competencies):	10
Resources/Capabilities identified:	10
VRIO Analysis (Capabilities/Resource Analysis):	10
Section 4(Organization):	11
ROCK framework:	11
Scope for future improvement.....	13
Appendix 1	14
Figures:.....	14
Tables:.....	14
References	15

Market Overview

The automobile sector is a dynamic and highly competitive industry marked by rapid technological developments and changing consumer preferences. The industry has various key segments, but this report will be focussing on the general consumer market. The general consumer market has been split into two major segments in recent years namely, combustion-based and electric-based vehicles.

The current Passenger cars market revenue is expected to show an annual growth rate of 0.22% (CAGR 2024-2028) (Statista, 2024) resulting in a projected market volume of US \$2087 bn by 2028.

In this current market, Jaguar is projected to reach US\$ 5bn in 2024 with an expected annual growth rate of 3.99% (CAGR 2024-2028) (Statista, 2024) resulting in a projected market volume of US\$ 6 bn by 2028. With its key demographics in Europe, Germany, China, and the United Kingdom.

Land Rover is projected to reach US\$ 20 bn in 2024 with an expected annual growth rate of 1.45% (CAGR 2024-2028) (Statista, 2024) resulting in a projected market volume of US\$ 21bn by 2028. With its key demographics in Germany, France, the Netherlands, the United States, and the United Kingdom.

However, this report discusses JLR as a house of Brands which include Jaguar, Range Rover, Defender, discover, etc. each being a distinct global brand and major players in their respective segments (JLR, [jaguarlandrover.com](https://www.jaguarlandrover.com), n.d.).

Section 1(Environment):

This section of the report debates and explores the various strategies and decisions made by JLR to stay competitive in the automotive industry. To discuss the effectiveness of the strategy under the environmental aspect of the ESCO framework, a PESTEL analysis is carried out.

PESTEL analysis explains the Political, Economic, Social, Technological, Environmental, and Legal aspects of JLR. These aspects clearly describe the environment or the space in which JLR is operating or competing. Under each segment of the PESTEL analysis, the inferences and discussions are structured based on the SWOT analysis framework.

The above-mentioned market overview clearly illustrates the current automobile market, especially concerning the passenger market segment. An in-depth understanding of the segments and markets in which JLR operates is required to better implement the PESTEL analysis.

JLR market overview:

For the fiscal year 2024, post-JLR's Reimagine strategy, retail sales are 4,31,733 units in FY 23/24 and a total revenue of GBP 29.0bn with a free cash flow of GBP 2.3 bn. JLR has seen a total of 22% increase in FY 23/24. (JLR, Annual Report, 2024)

The global retail sales for the Range Rover brand had a 20.6% year-on-year accounting for 47.2% of total retail sales, slightly down from 47.6% in FY 22/23. (JLR, Annual Report, 2024)

Retail sales for Defender were up by 53.1% compared to FY 22/23 and equated to 26.6% of total retail sales. (JLR, Annual Report, 2024)

Discovery brand was down by 3.9% year-on-year making up to 10.8 % of total retail sales during the year. (JLR, Annual Report, 2024)

The Jaguar brand was up by 6.9 percent year-on-year accounting for 15.5 percent of total retail sales in FY 23/24. (JLR, Annual Report, 2024)

It is crucial to note that in FY 23/24 electrified vehicles totalled 75% of retail sales.

Political:

JLR faced major political challenges and dilemmas during BREXIT. With huge disruptions in tariffs, customs, and regulations JLR had to meet with major strategic issues and challenges, especially in the UK.

JLR had a huge investment opportunity due to state subsidies which would not have been possible when part of the European Union (Maddox, 2023). JLR had to choose between Spain and the UK over a multi-billion-dollar giant car battery plant. However, post BREXIT, the deal was signed with the UK. The UK government had acknowledged the urgent need for EV battery manufacturing to secure the future of the automobile sector in the UK (Jack, 2023). The then UK government saw this as a major strategic win post-BREXIT, as it opened new jobs and investment opportunities in the UK.

However, before these discussions, JLR had complaints and major fears during BREXIT. The then-CEO of JLR Ralf Speth had said that they were not sure if JLR plant operations in the UK were possible after BREXIT. Highlighting the fact that tens of thousands of jobs in the

sector would be lost and a hard BREXIT would cost JLR 1.2bn GBP a year (The Guardian, 2018).

JLR has been caught multiple times in the political tensions between the US and China. Recently, a two-year investigation found that JLR was importing from parts flagged by the US government for its links with forced labour camps. JLR stopped the importation last month and stated their active programs and rules about human rights protection and antislavery measures (Robertson, 2024).

Economic:

JLR has KPMG as its independent auditor. JLR has met with three major recurring risks however a new risk has been identified this year. The major recurring risks include the Impairment of property plant and equipment, intangible and right-of-use non-current assets, Capitalization of product engineering costs, Valuation of defined benefit plan obligations, and the newly identified risk which is the recognition of UK deferred tax assets (JLR, Annual Report, 2024). These risks were met with various tests and assessments for each specific risk, as a necessary response action carried out by the firm.

However, as seen in the market overview segment above, JLRs performance in the market has been consistent and has seen great improvement over the years after the “Reimagine Strategy”. The recent improvement in production and sustained global demands have given a 22% jump for JLR in sales last year in the UK (Wearden, 2024).

With India being one of the most competitive and yet rapidly growing automobile markets in the world, JLR has been consistent in its performance since its entry in 2009. JLR reportedly saw an 81% surge in retail sales in India (ET, 2024). Defender and Range Rover being the best-performing brands in India, JLR took notice of the growing demand for high-quality premium luxury vehicles in India making them confident of their strategy and vision for the market.

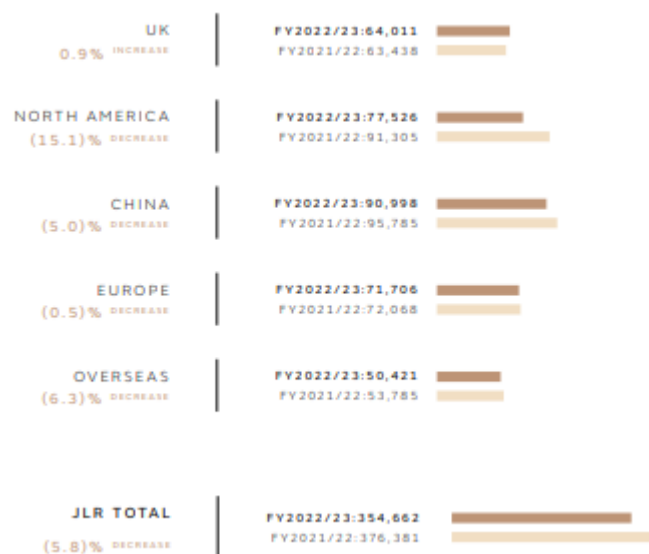


Figure 1: Market Performance

Social:

JLR introduced the “**Engage for Good programme**” which evolved during FY 23/24 to meet its mission and responsibilities. The programme is responsible for positive social impact and community engagement. Key aspects of the programme include youth development, volunteering, and inequality reduction (JLR, Annual Report, 2024). The programme and various other activities support some important partners of JLR. JLR’s major partnerships include the International Federation of Red Cross, the Tusk Trust, and the Royal Geographical Society.

Recognizing young people from challenging socio-economic backgrounds, ethnic minorities, and women being underrepresented in the business, JLR launched a school partnership programme to drive forward the careers of 40,000 students from diverse communities. 40 secondary schools have been partnered to support them through STEM lesson plans, soft skill development, career guidance, and networking for the teachers (JLR, Media Centre, 2023)

Technological:

JLR has made various strategic investments and collaborations to ensure relevancy technologically. Recently JLR has made a First-of-its-kind collaboration with Fortescue’s innovative software to enhance battery longevity, safety, and overall performance across all EVs in its portfolio (JLR, Media Centre, 2024). Such investments and developments can only be utilized when employees, partners, and colleagues are trained and ready. With Electrification as its goal, more than 20,000 Colleagues are trained in electrification and digital skills. 95% of JLR’s retail partner technicians are prepared to service the next generation of luxury vehicles and around 2500 in data and digital.

JLR is preparing to completely electrify its portfolio by 2030. To help reach its goal, JLR has made huge investments in R&D and various skill development programmes to train new graduates or employees in electrification and digitalization.

JLR partnered with Tableau to develop a data culture to accelerate its digital transformation. This partnership helped JLR expand its data centres, and automation and deliver more than 200 million GBP in value.

Environmental:

The rapidly developing climate crises and sustainability are two of the major factors realigning strategies of all companies globally. Nature loss and biodiversity decline pose a strategic risk management issue for businesses in the next decade. To be sustainably conscious and mindful of the impacts, JLR has taken multiple strategic measures and realigned its mission.

Functioning as a circular economy JLR keeps track of all resources used and consumed which create an environmental impact and reduce this impact while creating value to attain their mission of net zero.

Planet Regenerate is the strategy to positively transform the impact of the business on climate, nature, and biodiversity. As part of the Reimagine strategy, the goal of the firm is to be carbon net zero by 2039.

Engage for Good programme was initiated to take care of communities and environments in which the firm operates in and create a positive impact. Focussing on reducing inequalities, youth development, supporting the vulnerable, and nature and biodiversity.

Responsible Business is a strategy that ensures that the firm operates ethically and with integrity when it comes to ESG areas. (JLR, Annual Report, 2024)

Legal:

The current automobile industry is subjected to rapidly evolving regulations, laws, and policies concerning sustainability and compliance impacting production facilities and products. JLR has committed to a target-based carbon reduction strategy aimed at reducing the absolute scope 1 and 2 greenhouse gas emissions by 46% by 2030.

The legal process is subjected to many uncertainties and has no predictable outcome with assurance. Various legal proceedings, claims, and governmental investigations are pending against the company on a wide range of topics. However, JLR's specialist teams in legal and compliance are responsible for monitoring legal and regulatory developments and compliance with standards (JLR, Annual Report, 2024).

With David Berry as the global general counsel and Keith Benjamin as the legal director, the JLR legal team functions with around 300 staff covering global operations. Kieth who is an expert in the management of legal functions to add value and achieve business objectives protecting the firm and ensuring legal compliance was appointed as the director after the acquisition by Tata. David Berry is responsible for leading the firm's in-house legal teams.

Section 2(Strategy):

Initial Briefing:

On February 15, 2021, JLR announced its major strategic realignment plan “Reimagine Strategy” to accelerate the firm’s revival. The strategy had been formulated to transition JLR into a completely sustainable and electrified brand.

JLR committed to phase out its IC engine-based cars by 2026 and becoming a net-zero carbon business by 2039. JLR decided to make Jaguar completely electric and 60 % of Land Rover models being electric by 2030.

As part of the “Reimagine Strategy” JLR made necessary partnerships to boost and smoothen the electrification and digitalization of the brand. The partnership with Tableau proved to be quite fruitful expanding and merging intelligent automation and data centres (Shapiro, blog, 2022)

The partnership with Nvidia was made to implement safe, convenient, and responsible AI features in these cars to provide the luxury experience.

Business Model Analysis:

	Past (Pre-Reimagine Strategy)	Present (2024)
Who (Customers/Stakeholders)	<ul style="list-style-type: none">• Demographics: North America, Europe, UK, China and Overseas markets• Market Segment: Luxury Combustion Engine based• Stakeholders: Shareholders, Customers. Parent company (Tata Group)	<ul style="list-style-type: none">• Demographics: same markets as before• Market Segment: Luxury Electric based on transition• Stakeholders: same stakeholders with additional partners such as Tableau, Nvidia, etc.
What (Products/Services)	<ul style="list-style-type: none">• 2 major brands were Jaguar and Land Rover• Jaguar's fleet had 7 different models ranging from sedans to SUVs• Land Rover fleet had 7 different SUV models• All models were combustion-based	<ul style="list-style-type: none">• 4 major brands were Range Rover, Defender, Discovery and Jaguar• Range Rover has high-powered luxury SUVs• Defender has compact electric hybrid cars• The last chapter of Jaguars IC engine production• Portfolio had 12% sales based on PHEV, 62% sales on

		MHEV, and 25% on ICE in FY24 (Electrification)
How (Make/Reach our customers)	<ul style="list-style-type: none"> • Inputs: Raw Materials, supply chain, customer insights, skills and people, and investment. • Outputs: experiences, sustainable profit growth, reduced environmental impact, and stronger communities • Strategy: Focus on generating sustainable, long-term value from highly visible areas of strength such as branding and manufacturing to less obvious competencies such as logistics and consumer finance partnerships 	<ul style="list-style-type: none"> • Inputs: Raw Materials, supply chain, customer insights, skills and people, and investment. • Outputs: Modern luxury, sustainable profit growth, reduced environmental impact, stronger communities, quality products, and technological innovation. • Strategy: “Reimagine strategy” to evolve the business model to redefine the brand as a client-centric company and realize potential to generate sustainable, profitable, long-term value through operational excellence. Follows a circular economy

Table 1: Business Model Analysis (WHO-WHAT-HOW)



Figure 2: Business Model 2024

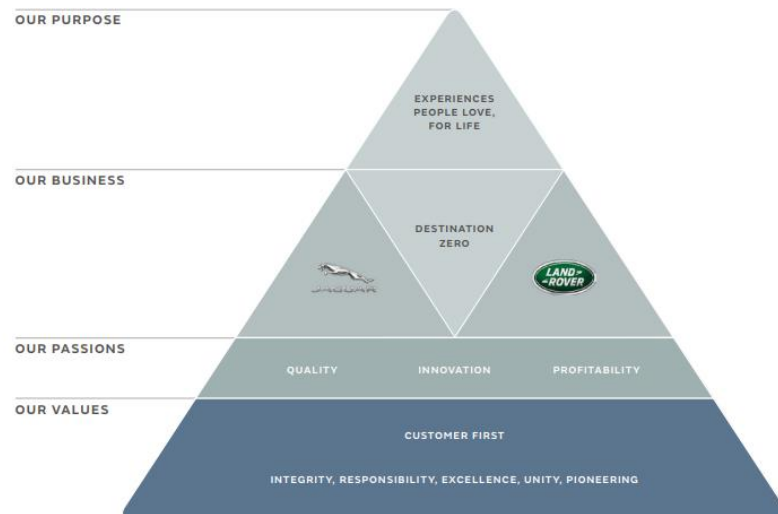


Figure 3: Business Blueprint

Section 3(Competencies):

Resources/Capabilities identified:

1. Brand Reputation
2. R&D
3. Partnerships
4. Design and Production
5. Enterprise (Collaboration with Tata groups)
6. People
7. Strategies
8. Plants

From: (JLR, Annual Report, 2024)

VRIO Analysis (Capabilities/Resource Analysis):

	V (Valuable)	R (Rare)	I (Inimitable)	O (Organized)
Competitive Disadvantage				
Competitive Parity	Yes (4,6,7)	No (4,6,7)		
Temporary Competitive Advantage	Yes (3,8)	Yes (3,8)	No (3,8)	
Unused Competitive Advantage				
Sustainable Competitive Advantage	Yes (1,2,5)	Yes (1,2,5)	Yes (1,2,5)	Yes (1,2,5)

Table 2: VRIO Analysis

Analysis:

- Capabilities 4,6,7 namely Design and Production, People and Strategies although of great value to the firm not rare, and it is open to change or adapted by other firms as well thus these capabilities are considered as a competitive parity
- Plants and Partnerships are of great value and are extremely rare but are imitable by other firms with sufficient funding. Thus, these two are temporary competitive advantages.
- Brand Reputation, R&D, and Enterprise are considered a sustainable competitive advantage as these capabilities have been built over generations and are not imitable

by other firms. The cross-collaboration with multiple companies within the Tata Group is a huge strategic advantage for JLR boosting their innovation in R&D sustaining their brand reputation and staying competitive.

Section 4(Organization):

ROCK framework:

R (Role Clarity):

Objective:

To check if the firm plays to its strengths and weaknesses with employees doing their roles accordingly. (Keller, 2018)

Analysis: With multiple teams functioning within JLR, each team has its unique functionality and role. The board of directors is the highest stakeholder within the firm following which multiple departments follow a specific hierarchical distribution of power and responsibilities giving clarity of role for each employee within a department.

The following is the structure the firm follows for risk management:

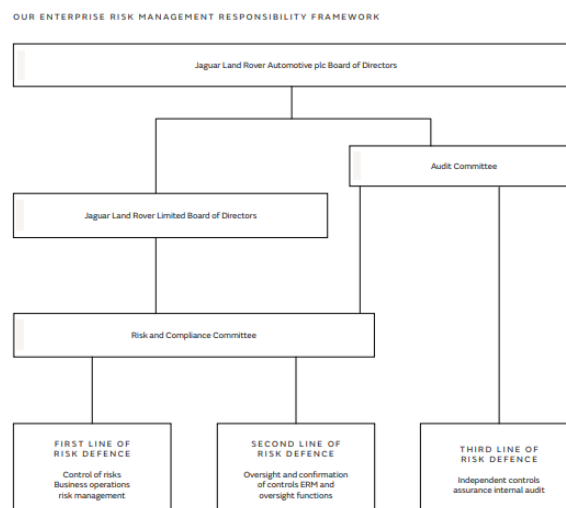


Figure 4: Risk Management Framework

O (Objective Setting):

Objective:

Ensuring management milestones across every department converge eventually to meet the final mission and bigger picture of the firm.

Analysis: Post-implementing the “Reimagine Strategy” the firm’s functionality and objectives are consistent across all departments to ensure the sustainability and electrification transition are done smoothly.

C (Communication):

Objective:

Simple, Straightforward, and Honest communication builds a strong foundation

Analysis: Across multiple channels ranging from a plant employee to external auditors, the firm's communication is streamlined in an agile manner. To boost company culture and collaboration the firm organizes multiple challenges and reward programmes to ensure open communication within the firm (JLR, Annual Report, 2024).

K (Killer Attitude):

Objective:

Confident and humble employees work together with mutual respect and are open to learning.

Analysis: With multiple innovation challenges, mentorship programmes, recruitment drives, and employee wellness programmes initiated (JLR, JLR Recruitment , 2024) (JLR, JLR Sustainability Innovation Challenge, 2024) (JLR, Menopause Support Policy, 2024) the firm ensures that the innovative spirit and employee satisfaction are maintained within the firm.

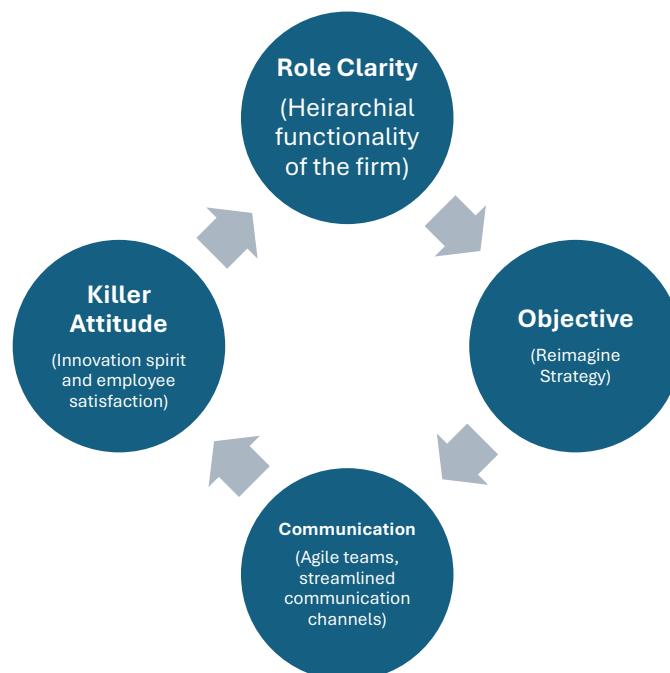


Figure 5: ROCK framework

Scope for future improvement

With JLR excelling in all aspects of innovation and development, sustaining the “Reimagine Strategy” for the next few years will prove beneficial. Apart from the existing strategies, JLR can consider the following digital strategies or changes to be implemented by the firm:

- Exploring the Autonomous Driving segment:
 - Autonomous driving is an innovation changing the dynamics of the automobile industry explored by various firms and executed by Tesla.
- Exploring Hydrogen Fuel cells”
 - As an alternative to the high carbon-emitting mining process of the current silicon batteries hydrogen-based fuel cells are under development or research by some firms.
- Integrate social media marketing and sustainability features:
 - Implement marketing through various social media platforms and organizing various events promoting sustainability
 - Explore VR and AR technologies to use in marketing and research processes

Appendix 1

Figures:

Figure 1: Market Performance	4
Figure 2: Business Model 2024	9
Figure 3: Business Blueprint.....	9
Figure 4: Risk Management Framework	11
Figure 5: ROCK Framework	12

Tables:

Table 1: Business Model Analysis (WHO-WHAT-HOW).....	8
Table 2: VRIO Analysis.....	10

References

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