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Aston Martin Lagonda Global Holdings PLC Strategic Management analysis

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EXECUTIVE SUMMARY

This report provides a comprehensive analysis of Aston Martin's Strategic Management, including the micro-environment, internal environment, business model, sustainability strategy, existing strategic options, and recommendations for future strategic directions. The key findings of the analysis are summarised below.

Micro-environment Analysis: Aston Martin successfully targets the Luxury Performance Sector, benefiting from a profitable industry environment with low competition from new entrants, substitutes, and buyer bargaining power.

Internal Analysis: Aston Martin's strengths include a clear strategic vision, strong values and culture, and sustained advantages in design, engineering, craftsmanship, and brand reputation. However, weaknesses include an incomplete mission statement and financial performance concerns.

Business Model Analysis: Key strengths include luxury, performance, exclusivity value propositions, heritage, Formula One presence, strong customer relationships, and strategic partnerships. Challenges involve cost management, requiring Aston Martin to address weaknesses to maintain growth and success.

Sustainability Strategy Analysis: Aston Martin's "Racing. Green" sustainability strategy aligns with the Sustainable Value Framework, promoting competitiveness, operational cost reduction, and industry sustainability.

Existing Strategic Options Analysis: Aston Martin effectively employs a Focused Differentiation strategy. Strengths include organic growth strategies, strategic alliances, and internationalisation, while potential weaknesses involve partnership reliance and the need for continuous innovation.

Recommendations

Immediate Strategies:

- Invest in R&D and technology partnerships to create innovative, luxury, eco-friendly vehicles, focusing on niche markets and collaborations to develop limited-edition vehicles catering to wealthy collectors and enthusiasts.

- Enhance customer loyalty by offering personalised services, unique events, and experiences that cater to the luxury market. Invest in infrastructure, alliances, and marketing to promote these offerings.
- Diversify collaborations and alliances to mitigate potential risks, improve market position, and access new technologies or expertise.

Medium-term to Long-term Strategies:

- Pursue alternative collaborations or a broader range of partners to expand into new markets, form strategic alliances with complementary industries, and diversify the product portfolio through innovative partnerships and collaboration formats.
- Enhance supply chain adaptability and durability by identifying alternative suppliers, establishing new relationships, and strengthening local sourcing to reduce risks and improve responsiveness.
- Balance brand identity maintenance with cost reduction by investing in automation and technology. Address quality concerns by adopting advanced technologies and transitioning to in-house manufacturing to improve production capabilities and maintain high craftsmanship standards.
- Invest in R&D and renewable energy sources to create environmentally friendly vehicles, showcasing commitment to environmental responsibility and attracting eco-conscious consumers.

These recommendations are intended to address the identified weaknesses and capitalise on opportunities in the micro-environment and internal environment while preserving Aston Martin's competitive advantage in the luxury automotive market. Aston Martin can improve its growth, profitability, and long-term success by implementing these strategies.

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1. INTRODUCTION

1.1. Aim and Objectives

This report aims to critically analyse and evaluate Aston Martin's business strategy to make recommendations for its future strategic direction. To accomplish this, the report seeks to achieve the objectives in Table 1.

Table 1: Objectives of the report	
1.	Critically analyse and evaluate the micro-environment to identify opportunities or threats.
2.	Critically analyse and evaluate the internal environment to identify strengths or weaknesses.
3.	Critically analyse and evalute Aston Martin's Business Model to identify any strengths or weaknesses
4.	Critically analyse and evaluate Aston Martin's Sustainability Strategy to identify any strengths or weaknesses.
5.	Critically analyse and evaluate the existing strategic options taken by Aston Martin to identify any opportunities or threats.
6.	Make recommendations on future strategic options.

1.2. Defining Strategy

The first report analysed and evaluated the strategy concept, resulting in the following synthesis in Table 2.

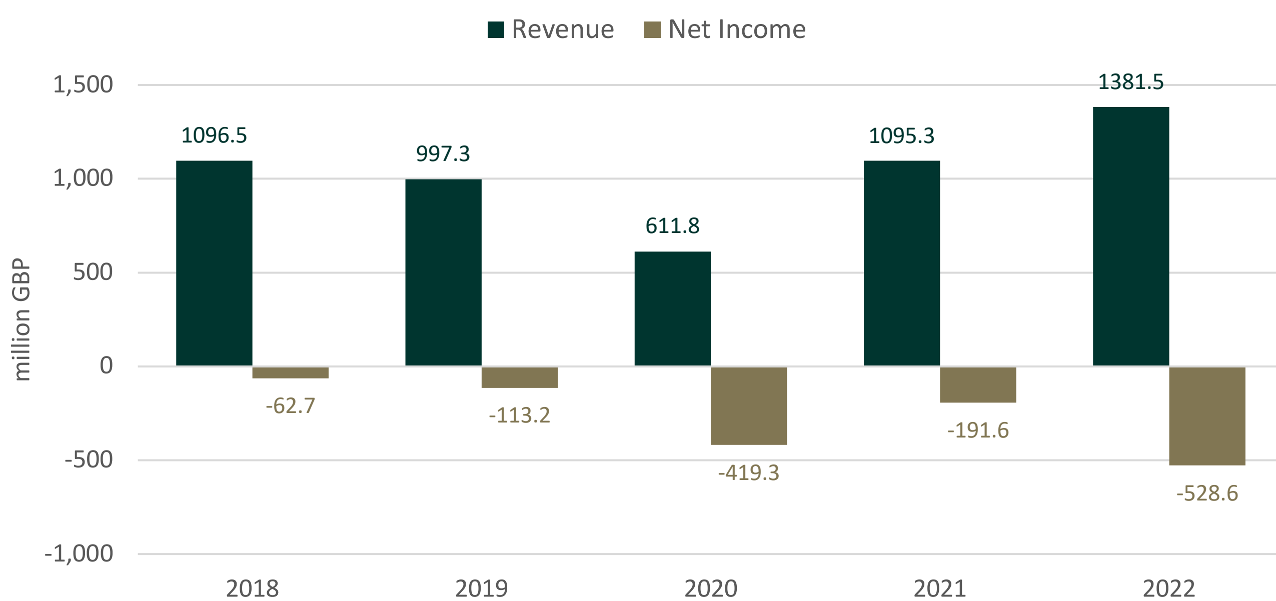
Table 2: Synthesis version of Strategy from the first report.
Strategy is the deliberate selection and implementation of a distinct set of activities to achieve an organisation's long-term goals and objectives. It entails resource allocation, cross-functional decision formulation and implementation, and identifying patterns in a stream of decisions that define the organisation's long-term direction. **Strategy** seeks to capitalise on opportunities and strengths while mitigating risks associated with competitive weaknesses and threats.

1.3. Company Background

Aston Martin Lagonda Global Holdings plc (Aston Martin) is a British automobile manufacturer headquartered in Gaydon, Warwickshire, United Kingdom. It produces luxury sports cars, SUVs, and sedans under the Aston Martin and Lagonda brands. The company operates through a single Automotive segment, subdivided into four units: Sale of vehicles, Brands and Motorsport, Sale of parts, and Servicing of vehicles.

As of December 2022, Aston Martin had 164 dealers worldwide, including four geographical units: UK, Rest of Europe and Middle East & Africa, The Americas, and Asia Pacific. The company reported a revenue of £1,381.5m for FY2022 (see Figure 1), representing a growth of 26.1% year-over-year (2022 vs 2021) and a CAGR of 52.4% during 2020-22 (MarketLine, 2023).

Figure 1: Aston Martin Financials, based on MarketLine (2023)



2. EXTERNAL ENVIRONMENT

2.1. Introduction

The environment influences organisational survival by presenting opportunities and risks (Whittington et al., 2021). Figure 2 illustrates the distinct organisational environment layers. The first layer, the macro-environment, broadly impacts all organisations. As the second and third layers, the micro-environment comprises industry/sector, competitors, and markets. Within this context, industry/sector refers to organisations offering similar goods or services, while competitors and markets represent the organisation's immediate environment. At the core, the internal environment encompasses resources, competencies, and organisational culture.

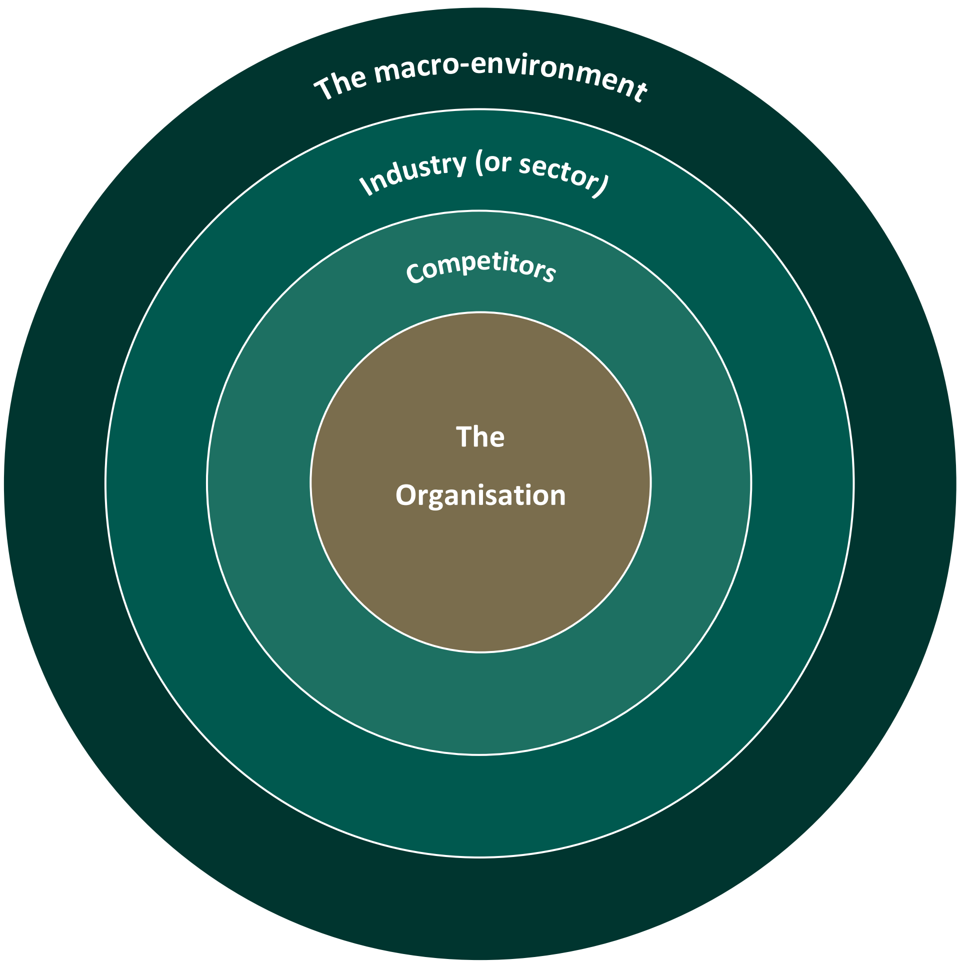


Figure 2: Layers of the business environment based on Whittington et al. (2021).

The first report conducted a comprehensive PESTLE analysis for Aston Martin to evaluate the external factors influencing the company's performance. The key drivers for change that significantly impact Aston Martin have been identified and presented in Appendix 1. The following section will concentrate on the micro-environment.

2.2. Micro-environment Analysis

2.2.1. Introduction

This section explores the business environment's industry and sector layers (refer to Figure 2). The micro-environment comprises influential actors, such as competitors, customers, and suppliers, who influence an organisation's long-term survival and success. A sector comprises multiple markets or market segments, whereas an industry consists of businesses producing similar goods and services. On the other hand, a market refers to a group of customers for particular products or services who share similar characteristics, such as a specific geographic region (Whittington et al., 2021).

Several models for the micro-environment analysis are presented in Table 3, including Porter's Five Forces, the industry life-cycle, and comparative five forces analyses. These models reveal the competitive landscape by highlighting opportunities, threats, and industry attractiveness-influencing factors.

Table 3: Common Micro-environment analysis models	
Porter's Five Forces Framework	This framework evaluates industry competition, considering rivalry among competitors, new entrant threats, supplier and buyer bargaining power, and substitute products or services. The analysis assists organisations in understanding the dynamics and attractiveness of the industry (Porter, 1998).
The industry life-cycle concept	This concept identifies the phase of an industry's life cycle (Development, Growth, Shake-out, Maturity, Decline) and provides insight into its present condition and future trends (Whittington et al., 2021). Organisations can make strategic market entry, expansion, and exit decisions and comprehend competitive landscapes.
Comparative five forces analyses	This technique compares the competitive environments of multiple industries or markets using Porter's Five Forces analysis. Comparing the forces facilitates identifying attractive markets or those with lower entry barriers, thereby guiding strategic decision-making (Whittington et al., 2021).

This section employs Porter's Five Forces Framework to assess the potential profitability of the luxury sports automobile industry by analysing Aston Martin's competitive landscape. This model facilitates the identification of a company's key market positions, competitiveness, opportunities, and challenges (Whittington et al., 2021). Understanding Porter's Five Forces is essential for guiding Aston Martin's strategic decision-making and determining the potential profitability of the industry.

2.2.2. Aston Martin's Five Forces Analysis

Aston Martin operates in the Luxury Performance Sector of the automotive industry, comprising distinct strategic groups and market segments (see Table 4). Strategic groups are formed by organisations pursuing similar strategies, whereas market segments serve customers with similar requirements (Whittington et al., 2021).

Table 4: Aston Martin's luxury performance cars sector outlook

Industry	Automotive & Parts
Sector	Luxury Performance Cars
Market Volume	• Global new cars market volume 2022: 81.5 million units (MarketLine, 2022) • Global luxury performance cars market volume 2022: 14.88 thousand units (Statista, 2023)
Strategic Groups	Product and Service quality: luxury, high-performance, exclusivity, and brand prestige.
Market Segments	• High-net-worth individuals, Luxury car enthusiasts, Sports car collectors, and Prestige and status seekers. • High-performance luxury cars, Grand tourer, SUVs
Direct Competiors	Ferrari, Lamborghini, Bentley, McLaren
Indirect Competitor	Rolls-Royce, Porsche, BMW, Audi, Mercedes-Benz

Aston Martin targets customers interested in luxury sports cars, grand touring vehicles, and SUVs. Appendix 2 contains a comprehensive analysis of Porter's Five Forces for Aston Martin, and this section discusses the implications of each force for the company in Table 5 below.

Table 5: Analysis of Aston Martin's Five Forces	
Force	**Analysis**
Rivalry: **High**	Aston Martin faces high competition within the luxury automotive industry. The competition stems from direct and indirect competitors, as evidenced by established automakers such as Ferrari, Lamborghini, Bentley, and McLaren, as well as motorsport brands like Red Bull Racing, Mercedes-AMG, and Audi Sport (Appendix 2). This intense competition necessitates continuous innovation, differentiation, and strategic positioning to maintain market share.
Entry: **Low**	The luxury automotive industry presents substantial barriers, including significant intangible assets and crucial capital requirements. Built up over 110 years, Aston Martin's intangible assets amount to £1,394.6m, and the total assets of industry leaders, such as Aston Martin (£3,104.3m) or Ferrari (€7,765.8m), highlight the difficulties faced by potential new entrants (Appendix 2). These barriers protect the market share and competitive advantage of Aston Martin.
Buyers: **Low**	Due to the limited and specialised nature of their products, the bargaining power of buyers in Aston Martin's market segment is low. Due to the fact that only a few manufacturers offer such distinctive, high-quality vehicles in this distinct segment, competition is directly proportional to the limited product selection. As a result, customers place a higher value on quality, uniqueness, and exclusivity than on price, reducing their negotiating leverage.
Suppliers: **Moderate**	Aston Martin's reliance on specialised suppliers for unique components affects its operations and supply chain management, leading to moderate supplier bargaining power. Each vehicle requires exclusive components from approximately 30-35 suppliers, and any delay in delivery schedules could impact Aston Martin's ability to meet planned production volumes (Aston Martin, 2023). Additionally, Aston Martin's £1,381.5m turnover in FY2022 and £930.8m cost of sales suggest that the company is not a dominant player in the industry, contributing to suppliers' moderate bargaining power (Appendix 2). To tackle these challenges, Aston Martin should strengthen relationships with key suppliers, diversify its supply base, and develop contingency plans.

Substitutes: **Low**	Aston Martin faces a low substitution threat due to its distinct luxury appeal and status symbol. High-end motorcycles, private jets, helicopters, luxury public transportation, car-sharing services, and autonomous vehicles cater to different market segments and do not provide the same exclusivity or personalised experience as owning an Aston Martin. As a result, the threat from substitutes remains low, allowing Aston Martin to maintain its position in the luxury automotive market.

In conclusion, Aston Martin's Porter's Five Forces analysis indicates that the luxury automotive industry has the potential for significant profitability. Low competition from new entrants and substitutes and low buyer bargaining power create a favourable environment for established luxury automakers such as Aston Martin to maintain healthy profit margins. However, high levels of competition and moderate supplier bargaining power necessitate continuous adaptation, innovation, and supply chain management. By focusing on product differentiation, embracing emerging trends, and optimising supplier relationships, Aston Martin will capitalise on the industry's profitability potential and achieve long-term success in the Luxury Performance Sector.

2.2.3. Criticisms of Porter's Five Forces

Despite its value in analysing the competitive environment, Porter's Five Forces have limitations. Its static nature fails to account for dynamic industry structures, resulting in dubious predictive results (Grundy, 2018). The framework assumes an equal application of force across competitors and adversarial relationships, overlooking the potential for collaboration (Whittington et al., 2021). It also assumes that industries are static and bounded, which does not reflect the modern business environment in which boundaries blur and even favoured firms can fail (Campbell et al., 2002). Therefore, Porter's Five Forces should be utilised with caution and in conjunction with other analytic tools better to comprehend the profitability and competitiveness of an industry.

3. INTERNAL ENVIRONMENT

3.1. Introduction

An internal analysis or audit is better for understanding an organisation's strategic capabilities and competitive advantage. The internal environment of an organisation includes its resources, capabilities, and core competencies, as well as its culture, values, and mission. According to Johnson et al. (2020), an internal analysis seeks to identify the strengths and weaknesses of an organisation's resources, capabilities, and functional competencies. This section will provide an overview of the internal environment of Aston Martin, including its vision, mission, values, culture, resources, capabilities, and financial performance. A thorough understanding of the company's internal environment will help identify critical improvement areas and potential sources of sustainable competitive advantage.

3.2. Vision, Mission, Values Analysis

This section evaluates the strengths and weaknesses of Aston Martin's vision, mission, and values, as presented in Table 6 below.

Table 6: Aston Martin's Vision, Mission, Values Analysis

Definition	**Component**	**Analysis**
A vision statement is concerned with the future the organisation seeks to create. The vision typically expresses an aspiration that will enthuse, gain commitment and stretch performance (Whittington et al.,2021).	**Vision**: "Our vision is to be the world's most desirable, ultra-luxury British performance brand, creating the most exquisitely addictive performance cars."	Nanus (1995) outlines the essential elements of a vision statement, which include establishing standards of excellence, demonstrating the organisation's values, articulating its purpose and direction, and focusing on the future. The well-crafted vision statement of Aston Martin is consistent with the company's values and culture, imbuing it with a sense of purposeful action. Appendix 3 demonstrates that Aston Martin's vision statement satisfies Nanus's critical criteria (1995), serving as a **strength** for the company. It motivates and inspires, establishing lofty performance standards and guiding the company's growth and success. A vision statement as clear and concise as Aston Martin's guides the company's long-term strategic decision-making.

According to Whittington et al. (2021), a mission statement aims to clarify the company's fundamental purpose for employees and stakeholders.	**Mission**: "Our purpose is to create vehicles with the ultimate technology, precision and craftsmanship that deliver thrilling performance and a bespoke, class-leading experience."	Aston Martin's Mission Statement effectively conveys the company's purpose of manufacturing high-quality, technologically advanced vehicles with exceptional performance and a personalised customer experience. However, David et al. (2014) argue that a comprehensive mission statement should include essential elements such as customers, products or services, markets, technology, concern for survival, growth and profitability, philosophy, self-concept, public image, and employees. The analysis presented in Appendix 4 demonstrates that Aston Martin's mission statement omits explicit mention of customers, markets, concern for survival, growth and profitability, public image, and employees, highlighting **potential weaknesses** in articulating the company's fundamental purpose and approach to achieving its goals.
Statements of corporate values communicate the underlying and enduring core 'principles' that guide an organisation's strategy and define the way that the organisation should operate (Whittington et al.,2021).	**Values**: "Our values are Unity, Openness, Trust, Ownership and Courage. At the core of our values is one single guiding tenet: No one builds an Aston Martin on their own".	Aston Martin (2023) stated that the company values are Unity, Openness, Trust, Ownership, and Courage, centring around a single guiding tenet: "No one builds an Aston Martin on their own." This emphasis on collaboration highlights the importance of teamwork and collective effort in the organisation's pursuit of excellence. While Openness and Trust facilitate transparent communication and information sharing, Unity fosters a strong sense of belonging. Ownership promotes accountability and responsibility, whereas Courage inspires innovation and courageous decision-making. These values represent **strength** in sharping Aston Martin's strategic direction and organisational culture, propelling the company towards its mission and vision.

3.3. Culture Analysis

3.3.1. Introduction

Schein (2004) defines organisational culture as the implicit assumptions and behaviours of an organisation's members, which are inextricably linked to the ingrained "ways we do things around here" that develop over time. Culture influences how people respond to problems in their organisations. Johnson (1992) proposes using the cultural web (see Figure 3) to analyse an organisation's culture and its impacts. The cultural web comprises behavioural, physical, and symbolic manifestations informed by the organisation's assumptions or paradigms. Rituals and routines, stories, symbols, power structures, organisational structures, and control systems are all components of the cultural web.

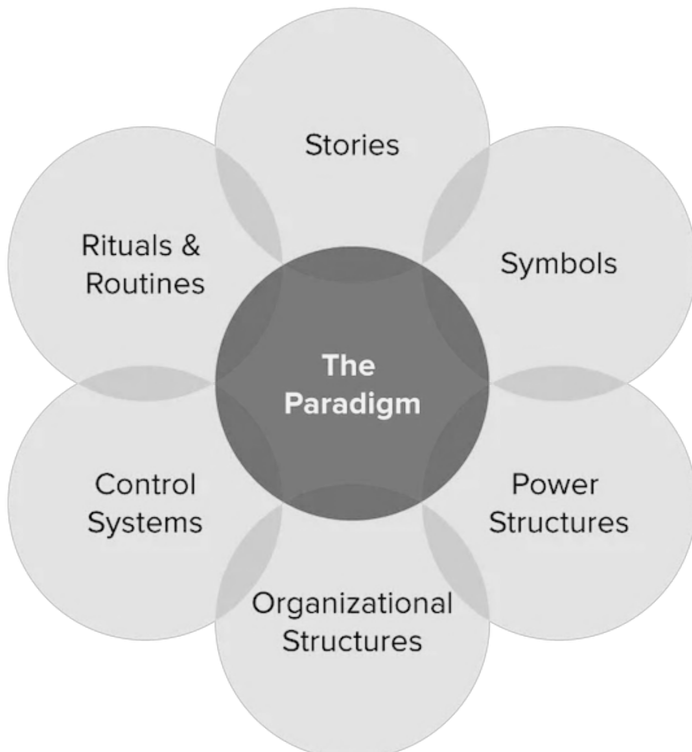


Figure 3: The cultural web of an organisation, based on Johnson (1992).

3.3.2. Analysing Aston Martin's Culture: the cultural web

The cultural web analysis of Aston Martin (Appendix 5) reveals that the company's Paradigm is centred around exceptional craftsmanship, cutting-edge technology, and timeless elegance in its ultra-luxury British performance vehicles. The brand is synonymous with exclusivity, heritage, innovation, performance, and sustainability, strongly focusing on teamwork.

Aston Martin's rich history, participation in prestigious motorsports events, and commitment to sophistication, performance, and adventure underscore its robust culture. The organisational structure promotes collaboration, effective communication, innovation, and decision-making while maintaining rigorous quality control and environmental standards.

In conclusion, Aston Martin's culture is a **strength** anchored in its heritage, dedication to quality, and pursuit of innovation. The emphasis on teamwork and sustainability ensures the company's ongoing success in the ultra-luxury performance automobile market.

3.4. Resources and Capabilities Analysis

3.4.1. Introduction

The resources and capabilities of an organisation are critical to its long-term survival, competitive advantage, and superior performance. Resources represent the assets businesses own or have access to, whereas capabilities describe how these assets are used (Whittington et al., 2021). Threshold resources and capabilities enable organisations to compete and match competitors in each market. In contrast, unique resources and capabilities foster competitive advantage through unique, valuable qualities that competitors struggle to replicate (Amit & Schoemaker, 1993). These ideas are at the heart of Jay Barney's (1991) resource-based view (RBV) of strategy, which holds that an organisation's unique resources and capabilities drive its competitive advantage and superior performance.

Several frameworks, including the VRIO, VRIN, SWOT, and Value Chain, can examine an organisation's resources and capabilities. These frameworks are summarised in Table 7 below:

Table 7: Overview of Resource and Capability Analysis Frameworks	
VRIO	The VRIO framework assesses the value, rarity, imitability, and organisation of a firm's resources and capabilities to determine its potential to create and sustain a competitive advantage (Barney & Hesterly, 2019).
VRIN	The VRIN framework evaluates the value, rarity, inimitability, and non-substitutability of a firm's resources and capabilities, emphasising the importance of non-substitutable resources in creating and maintaining a competitive advantage (Barney, 1991).

SWOT	The SWOT analysis identifies an organisation's internal strengths and weaknesses (resources and capabilities) and external opportunities and threats, offering a comprehensive overview for strategic decision-making (Hill & Westbrook, 1997).
Value Chain	The Value Chain framework examines an organisation's primary and support activities to identify areas where value is created, thus enabling the organisation to develop strategies to enhance its resources and capabilities (Porter, 1985).
Due to its systematic approach to identifying potential competitive advantages, this section utilises the VRIO framework to analyse Aston Martin's resources and capabilities. By assessing value, rarity, imitability, and organisation, the VRIO framework identifies the company's distinctive strengths and areas for improvement, thereby facilitating strategic recommendations to improve Aston Martin's performance in the ultra-luxury automobile market.	

3.4.2. VRIO Analysis for Aston Martin

Aston Martin's VRIO analysis results in Table 8 highlight the company's strengths and weaknesses (detailed analysis in Appendix 6).

Table 8: Aston Martin's VRIO analysis results

Disadvantage	**Parity**	**Temporary Advantage**	**Sustained Advantage**
1	**3**	**8**	**11**

The company's resources and competencies contribute to its competitive advantage, including product differentiation, trend adaptation, and supply chain optimisation. Sustained advantages of the company include superior design, engineering, and craftsmanship, adaptability to market shifts, a skilled workforce, innovative leadership, participation in Formula One, and a strong brand reputation.

Despite its numerous advantages, Aston Martin faces two parity and one disadvantage in financial resources. This analysis indicates that Aston Martin should achieve high profitability, given its numerous advantages and the fact that it operates in a profitable industry, as discussed in the Five Forces Analysis. The Financial Analysis section will assess Aston Martin's ability to transform its resources and competencies into financial success.

3.4.3. Criticisms of VRIO Framework

Although the VRIO framework is useful for evaluating an organisation's internal strengths and weaknesses, it has limitations. It may not be necessary or sufficient for maintaining a competitive advantage, presuming that all resources are valuable. Its static nature disregards external factors, and subjectivity can distort analysis (Barney & Hesterly, 2019; Whittington et al., 2021).

Barney (2014) identifies additional limitations, including the impact of environmental upheaval, the limited influence of management in generating sustained competitive advantages, and difficulties with the unit of analysis. When confronted with rapid, unpredictable external changes, the framework struggles and disregards organisations devoid of valuable resources—the intra-organisational focus results in data access issues, which hinders the assessment of resource return potential.

3.5. Portfolio Analysis

3.5.1. Introduction

Campbell et al. (2002) state that a portfolio is the variety of products, SBUs, and market sectors in which a business operates, which reflects the company's strategy for spreading risk and opportunity. A diversified portfolio protects against market downturns but may pose management difficulties and lack strategic focus. A narrow portfolio, on the other hand, allows for concentrated efforts within a specific sector but exposes the organisation to risk during a market downturn. A company's long-term success requires a balance between breadth and concentration.

This section introduces various portfolio analysis models, each providing unique perspectives and insights into an organisation's product and market sectors. The Product Life Cycle, Boston Matrix, GE McKinsey, and Parenting Matrix are summarised in Table 9 below.

Table 9: Models for Portfolio Analysis

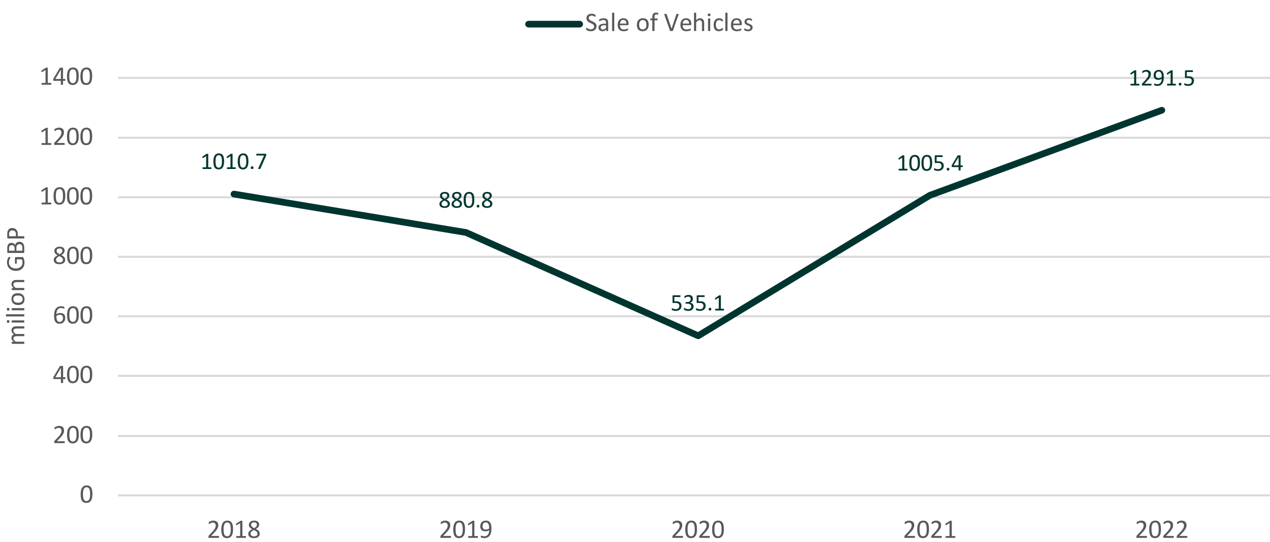
Product Life Cycle	Tracks the stages of a product/SBU's life (Development, Growth, Shake-out, Maturity, Decline) to inform marketing strategies and resource allocation decisions. It helps identify the most profitable stage for each business unit in the portfolio and enables organisations to plan for product development, promotion, and phasing out (Whittington et al., 2021).

Boston Matrix	Analyses product's market growth rate and market share, classifying it into four categories: Stars, Cash Cows, Question Marks, and Dogs. This facilitates prioritising investment and resource allocation across the product portfolio, enabling organisations to strategically balance their product portfolio and maximise returns (David & David, 2017).
GE McKinsey	Assesses product's market attractiveness and business strength, determining strategic investment and resource allocation priorities. This allows for a thorough evaluation of a product's market potential, allowing businesses to decide which products to invest in, maintain, or withdraw (Johnson et al., 2020).
Parenting Matrix	Assesses the compatibility between a company's business units and core competencies, identifying synergy and value creation opportunities. This aids in optimising the organisation's overall portfolio performance and strategic alignment, guiding business unit management, resource allocation, and strategic direction decisions (Johnson et al., 2020).
This section will employ the Product Life Cycle and the Boston Matrix for portfolio analysis. The Product Life Cycle model traces the life stages of a product/SBU to inform strategies and resource allocation choices. It enables organisations to strategise product/SBU development, promotion, and phasing out by identifying the most profitable stage for each business unit in the portfolio (Whittington et al., 2021). Additionally, the Boston Matrix analyses a product's market growth rate and market share, which facilitates prioritising investment and resource allocation across the product portfolio. This allows businesses to balance their product portfolio strategically and maximise profits (David & David, 2017).	

3.5.2. Aston Martin Product Life Cycle

Figure 4 depicts Aston Martin's Sales of Vehicles Turnover from 2018 to 2022. This unit is the company's primary business segment, accounting for 93.5% of total Turnover in 2022 (MarketLine, 2023). Despite the negative impact of the COVID-19 pandemic on sales in 2019 and 2020, Aston Martin's Sales of Vehicles Turnover increased from £1010.7m in 2018 to £1291.5m in 2022, achieving a 6.3% CAGR (2018-2022). The growth outpaced the global market (-0.9%) during the same period.

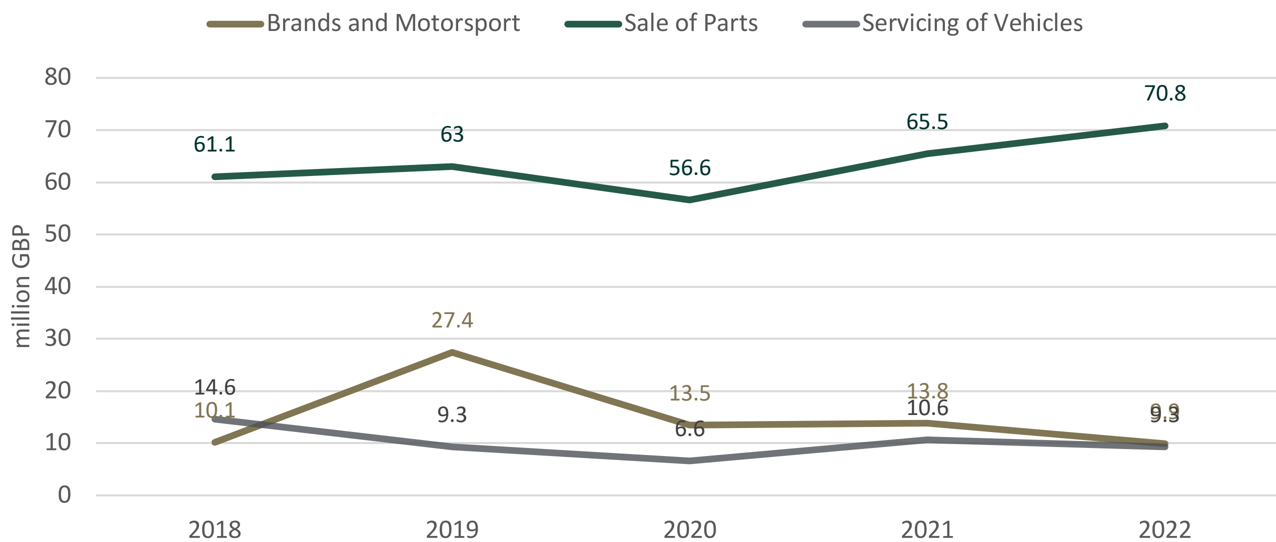
Figure 4: Aston Martin's Sale of Vehicles Turnover from 2018 to 2022, adapted from MarketLine (2023)



This growth can be attributed to the successful launch of the DBX SUV in 2020, which accounted for over 50% of total unit sales in 2022 (Aston Martin, 2023). In the Product Life Cycle context, Aston Martin's Sales of Vehicles unit is a strength, positioned in the growth phase driven by the DBX SUV.

Figure 5 illustrates the Turnover of Aston Martin's three supplementary business units, Brand & Motorsport, Sale of Parts, and Servicing of Vehicles, from 2018 to 2022. Despite their relatively low CAGR (see Appendix 7), these units remain essential to Aston Martin's overall business strategy, as they complement and support the growth of the primary Sale of Vehicles unit.

Figure 5: Aston Martin's Business Units Turnover from 2018 to 2022, adapted from MarketLine (2023)



The Brand & Motorsport unit is in the maturity stage, which indicates a stable position but limited growth potential. The Sale of Parts and Servicing of Vehicles units are also in the maturity stage, but leveraging the success of the primary unit could unlock growth potential. Overall, the primary business unit of Sales of Vehicles is a strength for Aston Martin. In contrast, the supplementary units exhibit moderate growth potential and remain crucial for supporting the primary unit.

3.5.3. Aston Martin BCG Matrix

The Boston Matrix, also known as the BCG Matrix, is a strategic tool used to analyse a company's business units or product lines based on their market growth and market share compared to rivals (David & David, 2017). This section employs the BCG Matrix to compare the Aston Martin Business Unit's market growth and market share to its direct competitors (see Figure 6 and Table 10).

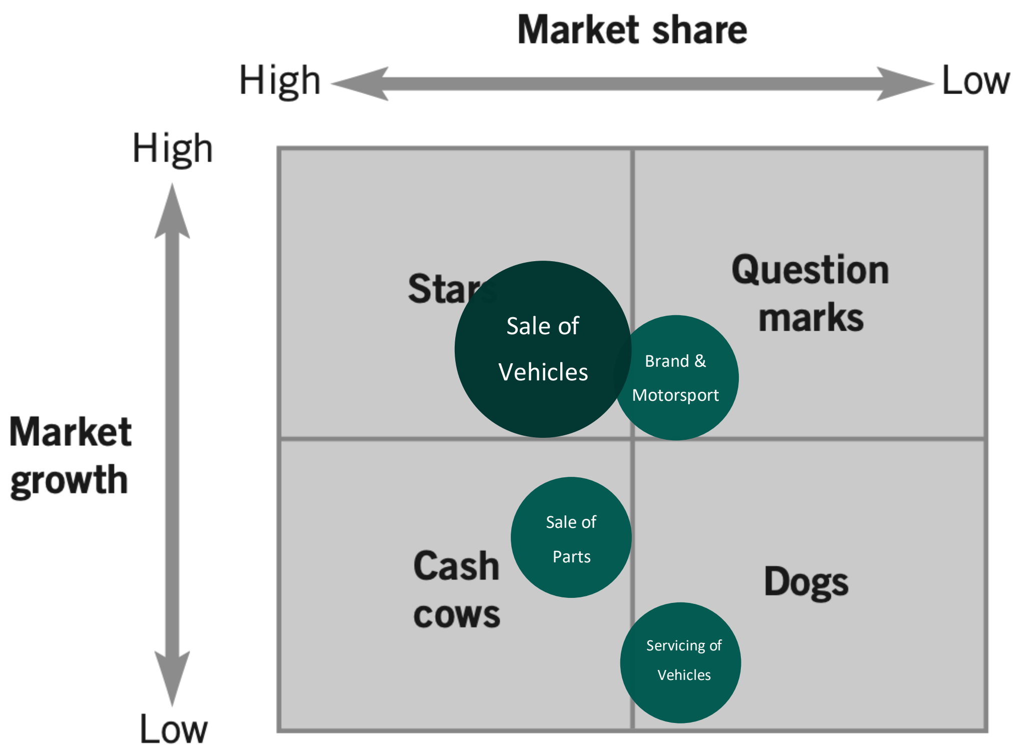


Figure 6: BCG Matrix, adapted from Whittington et al. (2021).

Table 10: Analysis of Aston Martin Business Unit using BCG Matrix

Business Unit	**Analysis**
Sale of Vehicles: Star	The Sale of Vehicles unit has a high market growth rate (6.34% CAGR) and a high market share (see Appendix 8). As a luxury performance car company, Aston Martin relies heavily on this unit for its overall success. This unit is considered a "Star" in the BCG Matrix, as it offers significant growth potential and generates substantial revenue.
Brand & Motorsport: Question Mark	The Brands & Motorsport unit has a negative CAGR of -0.50%, indicating weaker performance than other units. However, its close relationship with the Sale of Vehicles unit and strengthening brand identity make it crucial for Aston Martin's success. As a "Question Mark" in the BCG Matrix, Aston Martin should consider investing in this unit to develop its potential further.
Sale of Parts: Cash Cow	The Sale of Parts unit has a moderate market growth rate (3.79% CAGR) and a high market share. This unit benefits from the success of the Sale of Vehicles unit and is essential for providing customers with high-quality parts and customised options. In

	the BCG Matrix, this unit is considered a "Cash Cow," generating stable revenue and profits.
Servicing of Vehicles: Dog	The Servicing of Vehicles unit has a low market growth rate (-10.49% CAGR) and a low market share. However, this unit is vital for ensuring customer satisfaction and maintaining brand loyalty. In the BCG Matrix, this unit is classified as a "Dog," indicating low growth potential and limited revenue generation.

In summary, Aston Martin's Sale of Vehicles and Sale of Parts units are strengths, whereas Brand & Motorsport and Servicing of Vehicles are weaknesses. However, these weaknesses are essential for the company to strengthen its brand identity, increase customer satisfaction, and preserve long-term customer loyalty. The focus should be placed on leveraging the success of the Star and Cash Cow units (Sale of Vehicles and Sale of Parts) to support the growth and development of the Question Mark and Dog units (Brand & Motorsport and Vehicle Servicing, respectively).

3.5.4. Criticisms of The Product Life Cycle and BCG Matrix

The Product Life Cycle model is useful for strategists lacking expertise in investment appraisal techniques and promotes a balanced business and product/service line portfolio. However, it is overly simplistic and neglects real-world complexities (David & David, 2017). The model's vague definitions, reliance on capital market assumptions, and static nature may lead to inaccuracies. Additionally, Johnson et al.(2020) argue that it may create motivation issues and self-fulfilling prophecies and overlook potential synergies between business units.

Regarding the BCG Matrix, Campbell et al. (2002) emphasise the importance of precise measurement and thorough market definition to prevent misdiagnosis. Furthermore, Whittington et al. (2021) argue that the model overlooks many relevant product-related aspects; however, it is essential to note that the Boston Consulting Group never claimed that the process encompassed all facets of strategy.

3.6. Financial Performance Analysis

3.6.1. Introduction

According to David & David (2017), a company's financial health is commonly regarded as the most critical indicator of its competitive position and investor appeal. Effective strategy formulation requires the identification of a company's financial strengths and weaknesses. Some strategies may not be viable alternatives due to liquidity, leverage, working capital, profitability, asset utilisation, cash flow, and equity. Financial factors may also alter existing strategies and implementation plans.

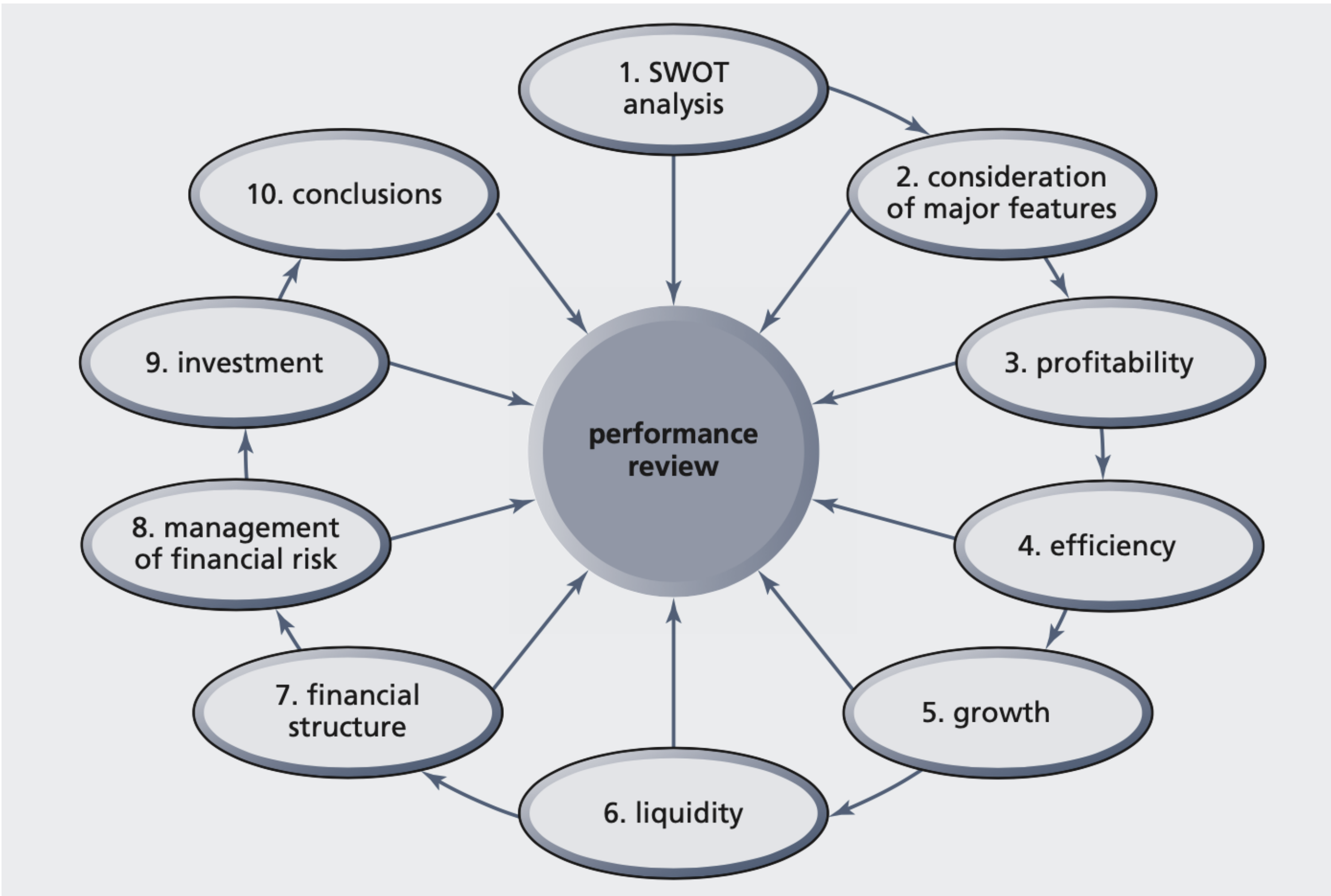
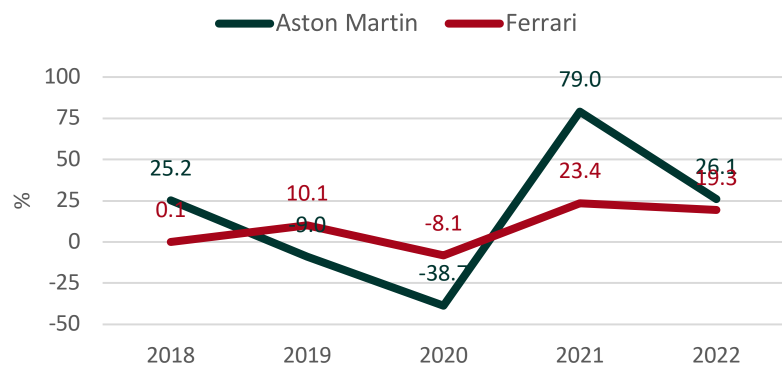
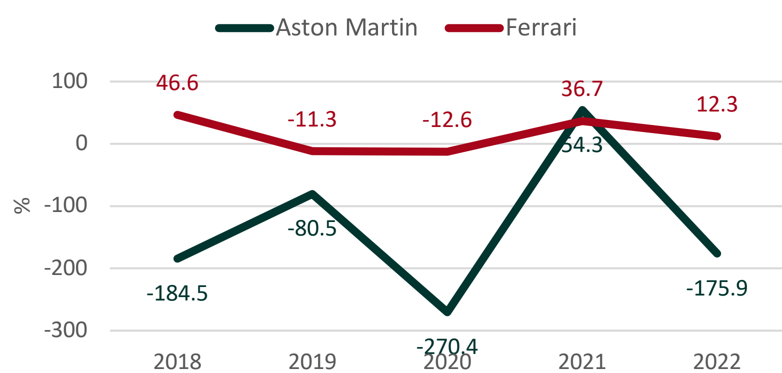


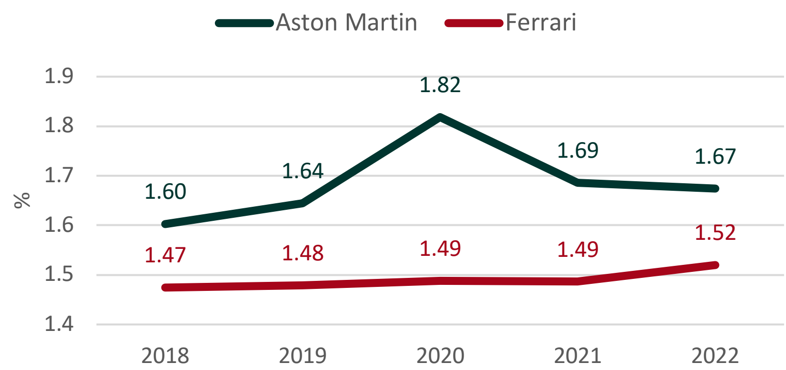
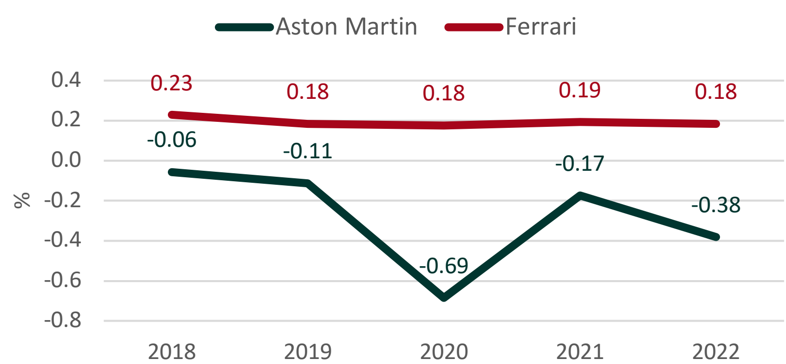
Figure 7: Stages of Performance review (Davies & Crawford, 2014).

3.6.2. Aston Martin Financial Performance

This section analyses Aston Martin's financial performance (see Table 11), emphasising critical financial metrics to assess the company's competitive position compared to Ferrari, a direct competitor operating within the same industry and facing similar pressures and opportunities (David & David, 2017). Due to the difficulty in obtaining specific financial data and ratios for Bentley and Lamborghini, as they fall under the Volkswagen Group umbrella, the comparison will be focused solely on Aston Martin and Ferrari. Detailed financial data for Aston Martin and its competitor can be found in Appendices 9 and 10.

Table 11: Aston Martin's Financial Analysis

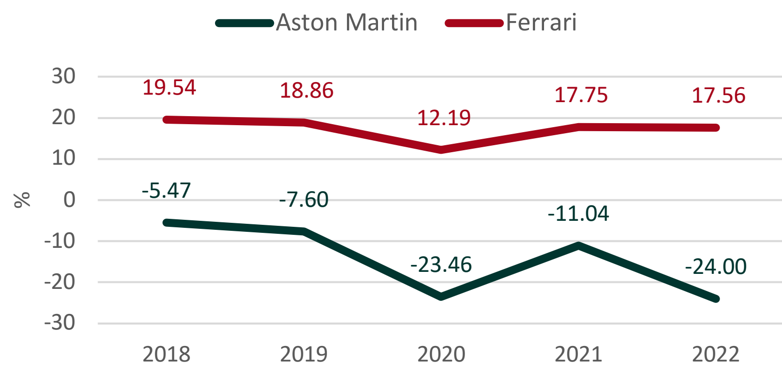
Definition	Graph	Analysis
3.6.2.1. Revenue The total income generated by a business from sales of goods or services before expenses are deducted (Arnold & Lewis, 2019).	*Figure 8: Aston Martin's revenue growth compared to Ferrari from 2018 to 2022* 	Aston Martin's revenue growth has fluctuated over the years, with a significant decline in 2020 and a strong rebound in 2021 and 2022. Ferrari, on the contrary, has maintained a more stable revenue growth rate. This indicates that Aston Martin's revenue growth may be a potential weakness compared to Ferrari.
3.6.2.2. Profit The financial gain remains after deducting all costs and expenses associated with running a business (Arnold & Lewis, 2019).	*Figure 9: Aston Martin's profit growth compared to Ferrari from 2018 to 2022* 	Aston Martin has experienced consistent declines in net income, indicating financial difficulties and poor performance. In contrast, Ferrari's net profit growth has been relatively stable, with minor dips in 2019 and 2020. This suggests that Aston Martin's net profit growth may be a potential weakness compared to Ferrari.

3.6.2.3. Gross Margin The gross margin is the difference between revenue and cost of goods sold, expressed as a percentage of revenue. It represents the proportion of each dollar of revenue retained as gross profit by the company (Arnold & Lewis, 2019).	*Figure 10: Aston Martin's gross margin compared to Ferrari from 2018 to 2022* 	Aston Martin's gross margins are slightly higher than Ferrari's. This suggests that Aston Martin may be more effective at controlling its production costs, making this ratio a company strength.
3.6.2.4. Net Margin Net margin is the percentage ratio of net income to revenue. It is the percentage of revenue remaining after deducting operating expenses, taxes, and interest (Arnold & Lewis, 2019).	*Figure 11: Aston Martin's net margin compared to Ferrari from 2018 to 2022* 	Aston Martin has negative net margin, indicating the company struggles to generate profits. In contrast, Ferrari has positive net margins, meaning greater profitability overall. Consequently, the net margin of Aston Martin is a weakness.

3.6.2.5. ROCE

ROCE (Return on Capital Employed) is a financial metric that measures a company's profitability and the efficiency with which it uses its capital. It is calculated as Earnings Before Interest and Taxes (EBIT) divided by Capital Employed (Arnold & Lewis, 2019)

Figure 12: Aston Martin's ROCE compared to Ferrari from 2018 to 2022

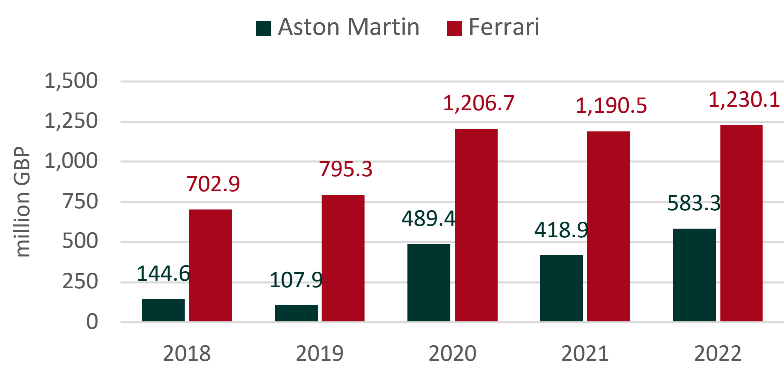


Aston Martin's negative ROCE values indicate that the company is not generating sufficient returns on its employed capital. Ferrari, on the other hand, has consistently positive ROCE, meaning more efficient capital utilisation. This makes ROCE a weakness for Aston Martin.

3.6.2.6. Liquidity/Cash

Liquidity refers to the ease with which a company's assets can be converted into cash without affecting their market value. Cash is the most liquid asset, and a company's liquidity is crucial for meeting its short-term financial obligations and investing in growth opportunities (Arnold & Lewis, 2019)

Figure 13: Aston Martin's net cash compared to Ferrari from 2018 to 2022

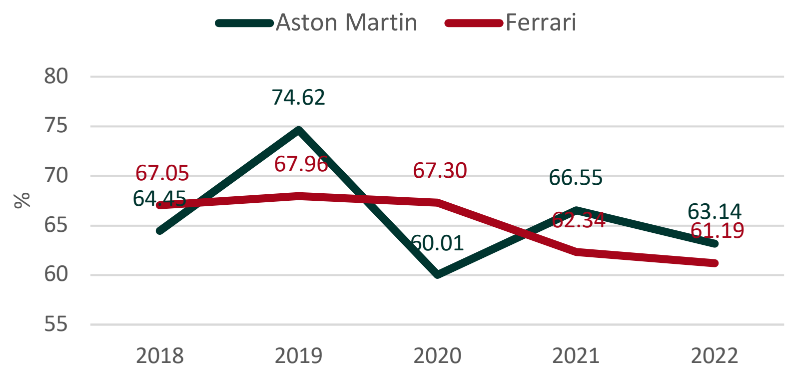


The net cash position of Aston Martin has improved over the years, but it is still significantly lower than that of Ferrari. A stronger cash position increases financial flexibility and resiliency, so Aston Martin's lower net cash position is a weakness.

3.6.2.7. Gearing

Gearing is a financial metric that measures the debt-to-equity ratio of a company. A higher gearing ratio indicates a greater reliance on debt financing, which can increase the risk of financial distress in the event of economic recessions or rising interest rates (Arnold & Lewis, 2019).

Figure 14: Aston Martin's gearing ratio compared to Ferrari from 2018 to 2022

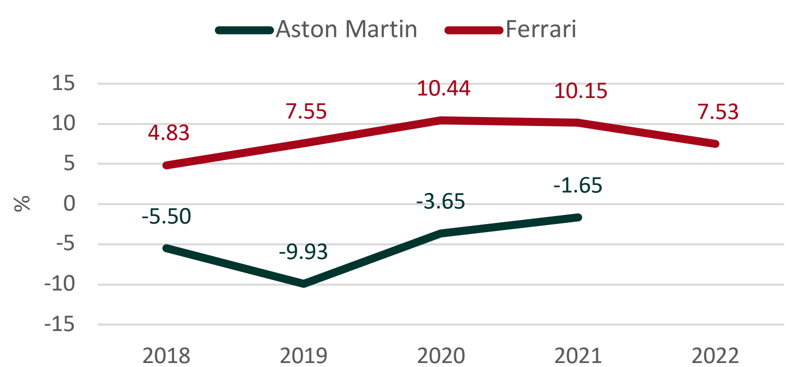


Both Aston Martin and Ferrari have comparable gearing ratios, indicating the debt proportion in their capital structures. Although Aston Martin's gearing ratio is marginally superior, the difference does not imply an evident strength or weakness.

3.6.2.8. P/E ratio

Price-to-Earnings Ratio (P/E Ratio) is a valuation ratio calculated by dividing the stock's market price per share by its earnings per share (EPS). It is a commonly used metric for determining whether a stock is overvalued or undervalued relative to its earnings. (Brown & Reilly, 2012).

Figure 15: Aston Martin's P/E ratio compared to Ferrari from 2018 to 2022



Aston Martin's negative P/E ratio may indicate investors' low expectations for the company's future earnings growth. Ferrari's P/E ratios are consistently positive and higher than Aston Martin's, showing a more optimistic outlook among investors. This indicates that Aston Martin's P/E ratio is a weakness.

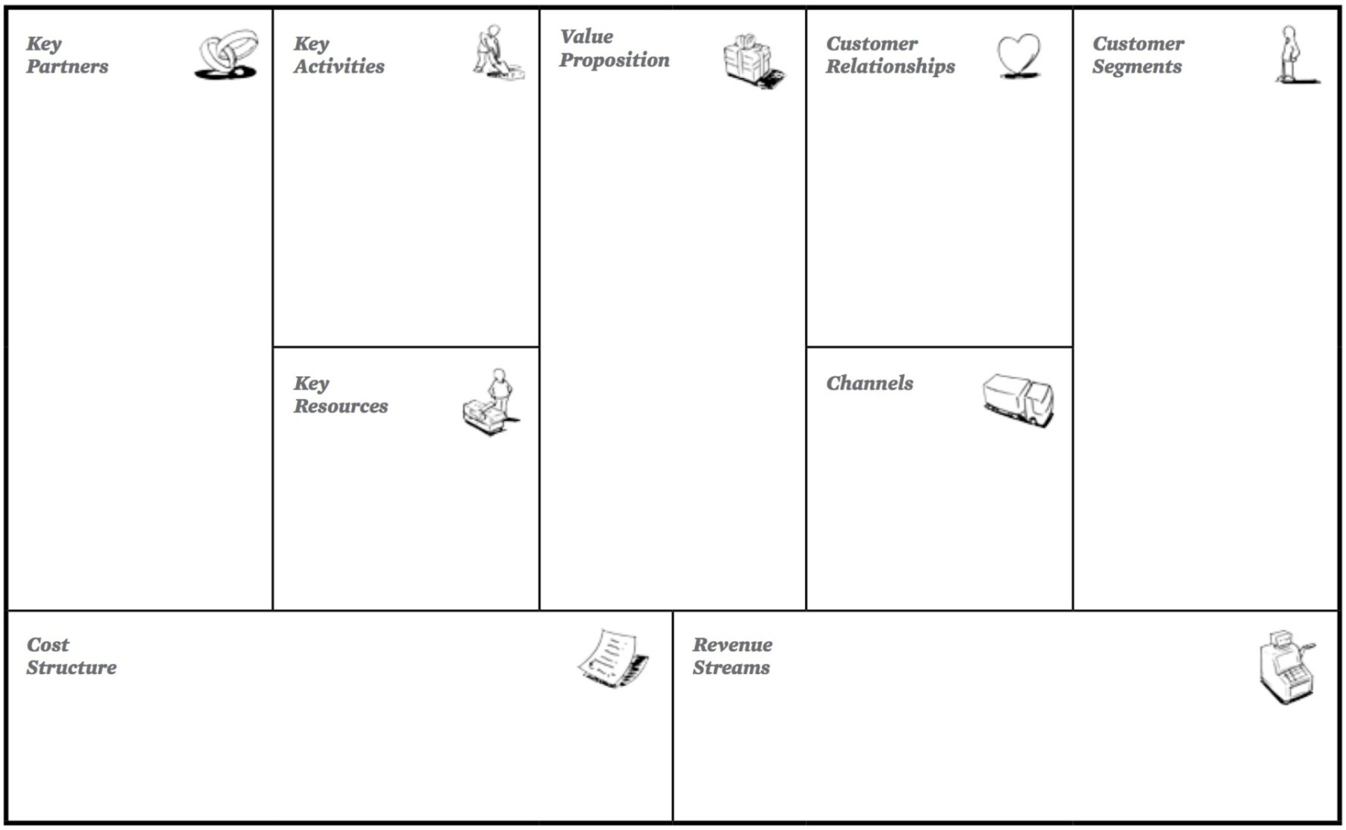
In summary, Aston Martin's financial performance lags behind its competitor, Ferrari. Negative net profit, net margin, and ROCE are all indicators of profitability issues. Revenue growth, net profit growth, net cash position, net margin, ROCE, and P/E ratio are all examples of weaknesses. Aston Martin's gross margin is a strength, whereas its gearing ratio is neither a strength nor a weakness. On the other hand, Ferrari consistently outperforms Aston Martin in most financial metrics, highlighting Aston Martin's less stable financial position.

4. BUSINESS MODEL

4.1. Introduction

A business model encompasses a company's activities to generate and capture economic value (George & Bock, 2011). The Business Model Canvas (Figure 16), created by Osterwalder and Pigneur (2010), is a well-known method that enables managers to visualise their entire business landscape on one page.

Figure 16: Business Model Canvas, adapted from (Barney & Hesterly, 2015).



4.2. Aston Martin Business Model Canvas

The Business Model Canvas for Aston Martin (see Appendix 11) highlights the company's strategic approach in the luxury automobile market. Key strengths include luxury, performance, and exclusivity value propositions that resonate with the target market of wealthy individuals and luxury car enthusiasts. The company uses its heritage and Formula One presence to boost its brand reputation and promote technological advancements. Personalised sales, loyalty programs, and exclusive events help build strong customer relationships, contributing to long-term success. Key resources and collaborations with partners improve product offerings and distribution. However, the cost structure, with high R&D, production, marketing, and employee compensation expenses, may pose a challenge. Aston Martin must balance maintaining its luxury brand image and effectively managing costs.

In conclusion, Aston Martin's Business Model Canvas demonstrates the company's commitment to innovation, exclusivity, customer service, and several strengths. However, the company should address potential cost management weaknesses.

4.3. Criticisms of Business Model Canvas

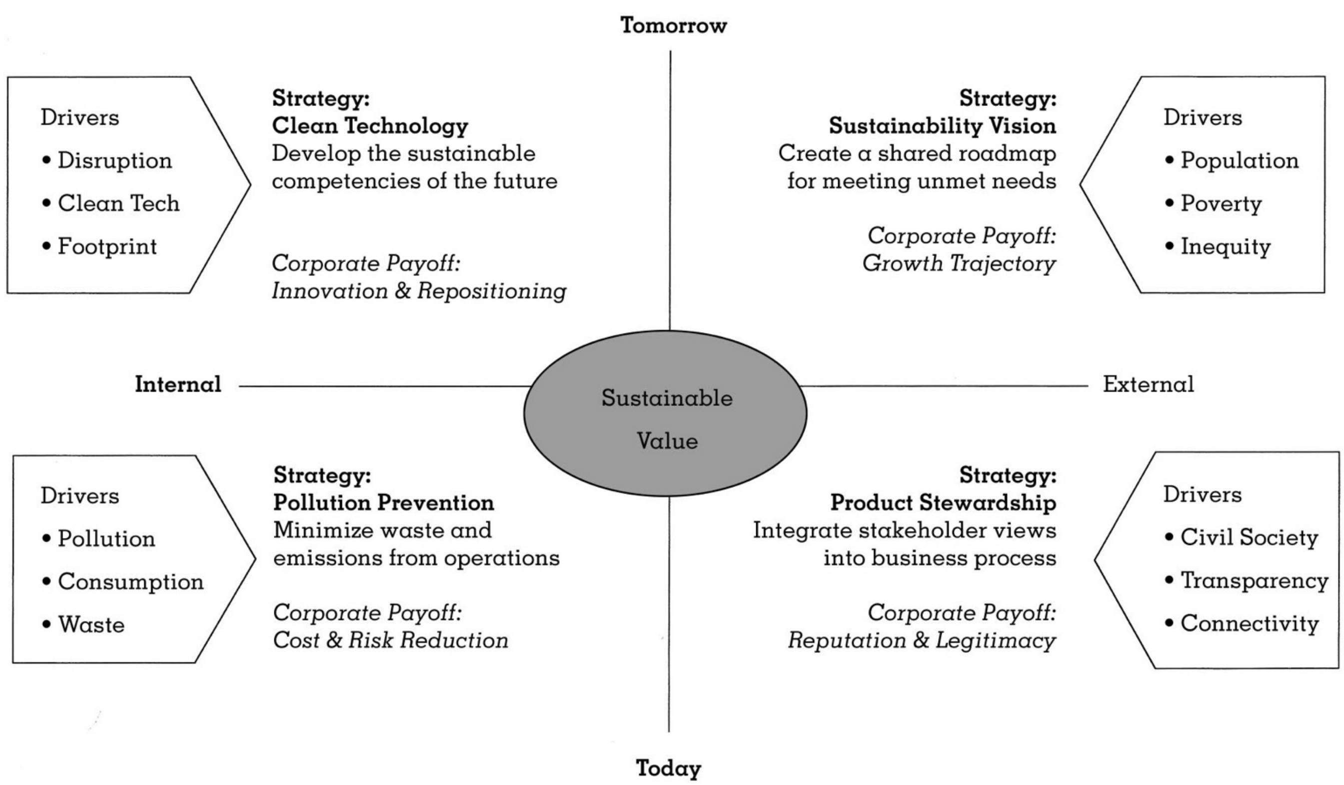
Critics of the Business Model Canvas argue that it does not add significant value to understanding the strategic management process and may overlook essential components, such as organising for strategy implementation (Osterwalder & Pigneur, 2010). Moreover, competition representation may be inadequate, calling into question its ability to improve firms' competitive position (George & Bock, 2011). However, proponents appreciate its ease of summarising firm activities, interrelationships, and the effect on costs and revenues.

5. SUSTAINABLE VALUE

5.1. Introduction

Sustainability emphasises balancing economic, environmental, and social factors for the long-term creation of value and conservation of resources. The Sustainable Value Framework developed by Hart and Milstein (2003) provides a comprehensive method for assessing sustainability performance and identifying improvement opportunities. Figure 17 illustrates that the framework comprises four dimensions: Pollution Prevention, Product Stewardship, Clean Technology, and Sustainable Vision. By integrating these dimensions, businesses can create sustainable value by mitigating environmental and social impacts while enhancing economic performance.

Figure 17: Sustainable Value Framework, adapted from Hart & Milstein (2003)



5.2. Aston Martin Sustainable Value Framework

In April 2022, Aston Martin unveiled its "Racing. Green" sustainability strategy, which incorporated sustainability into all aspects of the company's operations and guided its business strategy and plan

(Aston Martin, 2023). The initiative aims to promote sustainable practises and technologies within the motorsports industry, with a particular emphasis on electric vehicle adoption, energy efficiency improvements, waste reduction, and environmental awareness promotion. Appendix 12 thoroughly examines the "Racing. Green" strategy. This section evaluates the sustainability strategy of Aston Martin, as presented in Table 12.

Table 12: Analysis of Aston Martin's "Racing. Green." strategy using Sustainable Value Framework.

Strategy	**Analysis**
Pollution Prevention	Aston Martin's commitment to carbon-neutral manufacturing facilities, 100% renewable electricity, annual CO2 emission reductions of 2.5%, and zero waste diversion from landfill exemplifies the company's dedication to minimising its environmental footprint (Aston Martin, 2023). By concentrating on these objectives, Aston Martin can increase operational efficiency, reduce costs, and enhance its reputation as an environmentally responsible automobile manufacturer. The company's goal of a 30% reduction in CO2 emissions from its supply chain represents expanding its efforts to prevent pollution.
Product Stewardship	Product stewardship initiatives at Aston Martin emphasise resource management responsibility and waste reduction (Aston Martin, 2023). Aston Martin demonstrates its commitment to resource conservation by aiming for zero single-use plastic packaging waste by 2025 and a 15% reduction in water consumption in manufacturing operations. In addition, the company's emphasis on enhancing biodiversity at its facilities and collaborating with supply chain partners to facilitate sustainable materials demonstrates a comprehensive approach to environmental stewardship.
Clean Technology	The "Racing. Green." strategy highlights Aston Martin's commitment to clean technology through the development of next-generation Plug-In Hybrid Electric Vehicles (PHEVs), the launch of their first Battery Electric Vehicle (BEV) in 2025, and the complete electrification of their sports and SUV lineup by 2030 (Aston Martin, 2023). These objectives demonstrate the company's intention to remain competitive in the automotive industry's rapid evolution. In addition, implementing ISO 50001

	Energy Management Systems by 2025 and achieving a net-zero supply chain by 2039 demonstrates the company's commitment to adopting clean technologies.
Sustainable Vision:	The sustainable vision of Aston Martin emphasises the company's dedication to diversity and inclusion, employee wellness, and talent development. Aston Martin aims to create an inclusive and supportive workplace by establishing gender diversity goals for leadership roles, promoting LGBTQ+ inclusion, and supporting disability initiatives (Aston Martin, 2023). The company's emphasis on STEM education and apprenticeships demonstrate its future talent investment. At the same time, its collaboration with the United Kingdom government reflects its dedication to industry growth and best sustainability practices.

In conclusion, Aston Martin's "Racing. Green." strategy aligns well with the Sustainable Value Framework, addressing external factors (as identified by the PESTEL analysis) and aligning with the company's vision, values, and culture. This comprehensive sustainability strategy is a company **strength** as it demonstrates Aston Martin's dedication to creating long-term value for its stakeholders while addressing environmental and social concerns. By emphasising pollution prevention, product stewardship, clean technology, and promoting a sustainable vision, the strategy can enhance Aston Martin's competitive position, reduce operational costs, improve the company's reputation, and contribute to a more sustainable future for the automotive industry (Hart & Milstein, 2003).

5.3. Criticisms of Sustainable Value Framework

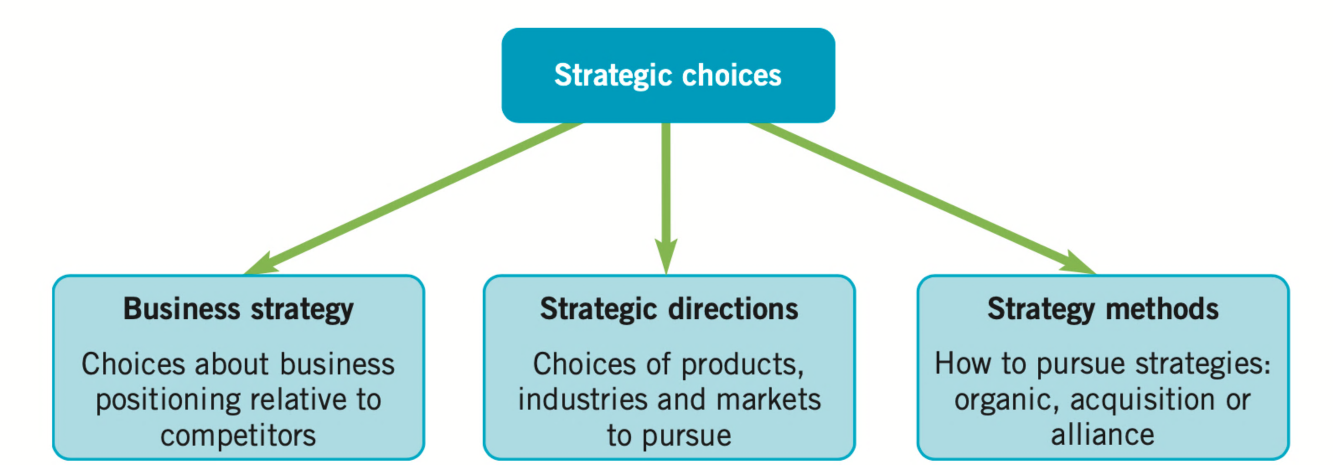
Hart and Milstein (2003) acknowledged the limitations of the Sustainable Value Framework, including a potential overemphasis on economics, overshadowing of environmental and social factors, and ambiguity resulting in inconsistent application. The framework needs more specific implementation guidance to make measuring progress and comparing performance easier. Moreover, Rahman et al. (2023) argue that it promotes reactive approaches and insufficiently considers stakeholder perspectives. Despite these limitations, the framework remains useful for organisations incorporating sustainability into their strategies if these criticisms are acknowledged and addressed.

6. STRATEGIC OPTIONS

6.1. Introduction

This section focuses on the strategic options available to Aston Martin for responding to the positioning issues discussed in the previous sections of the report. These options are potential responses to the identified challenges and opportunities (Whittington et al., 2020). There are three overarching choices to be made, as shown in Figure 18.

Figure 18: Strategic Choices, based on Whittington et al. (2020).



6.2. Business Strategy

6.2.1. Introduction

The primary objective of a company's business strategy is to achieve and maintain a competitive advantage by effectively allocating resources, understanding market dynamics, and continuously adapting to changing conditions (David & David, 2017). It involves planned and opportunistic strategies, known as emergent strategies, to achieve superior performance through continuous organisational learning and innovation.

Several models can be used to analyse a company's business strategy, yielding valuable insights for navigating a dynamic business environment. Two common models are Porter's Generic Competitive Strategies and Bowman's Strategy Clock, as shown in Table 13 below.

Table 13: Models for Business Strategy Analysis	
Porter's Generic Strategy Framework	Michael Porter's (1985) Generic Strategy Framework model identifies three fundamental competitive advantage strategies: cost leadership, differentiation, and concentration. Cost leadership targets broad markets by providing products or services at lower prices, whereas differentiation focuses on distinctive offerings that appeal to specific market segments. Specialised offerings are geared toward niche markets.
Bowman's Strategy Clock	Bowman's Strategy Clock, an extension of Porter's model, illustrates the relationship between price and perceived value through eight strategic positions (Faulkner & Bowman, 1995). It includes differentiation, low-price, hybrid, and Non-competitive strategies. This model assists organisations in determining their strategic position and implementing the necessary modifications.

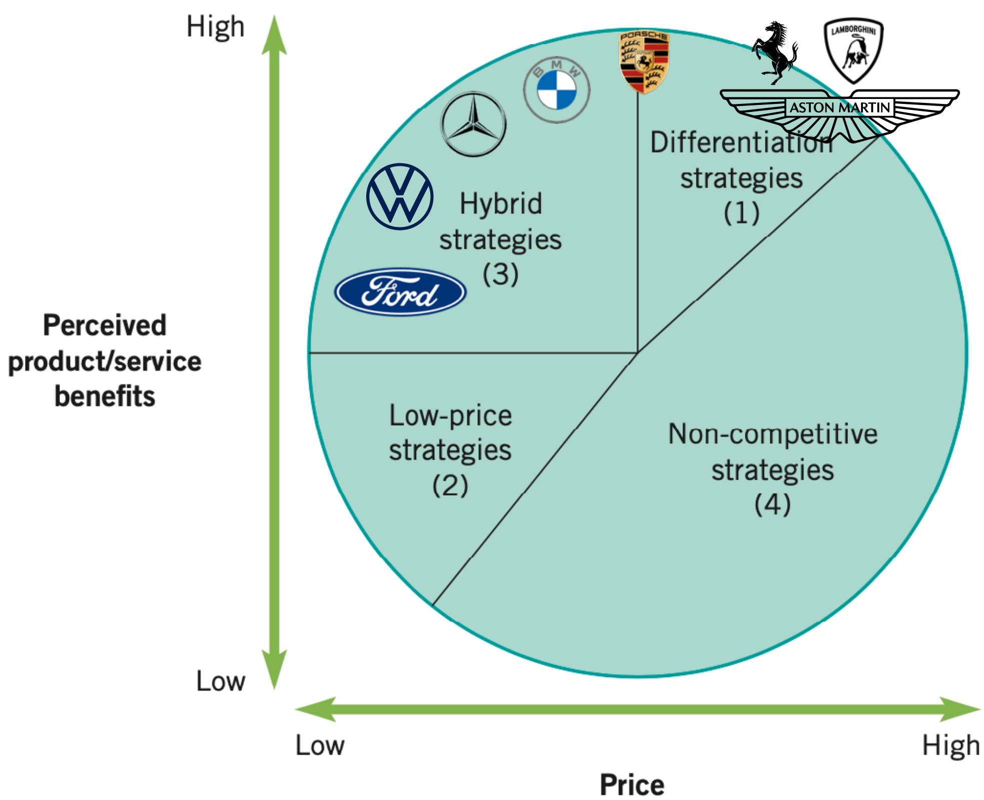
6.2.2. Aston Martin's Business Strategy

Aston Martin's business strategy can be assessed through Bowman's Strategy Clock (see Figure 19). Positioned at 'Focused Differentiation' (2 o'clock), the company targets a narrow, luxury automotive market segment, offering high-end, bespoke vehicles tailored to the specific preferences of its affluent clientele. By concentrating on this niche, Aston Martin differentiates itself from broader automotive manufacturers, delivering a superior product and cultivating a prestigious brand image. The success of Aston Martin's focus strategy relies on several factors, as shown in Table 14.

Table 14: Factors of Aston Martin's Business Strategy	
Distinct segment needs	The luxury automotive market caters to discerning customers seeking high performance, exclusivity, and customisation. Aston Martin addresses these specific needs by offering bespoke, hand-crafted vehicles, maintaining its competitive edge in the niche market.
Distinct segment value chains	Aston Martin's value proposition comprises specialised production processes and channels that set it apart from mass-market manufacturers. This distinct value proposition makes it challenging for mainstream automakers to replicate the company's offerings, further solidifying its competitive advantage.

Viable segment economics	While the luxury automotive market is relatively small compared to the overall automotive industry, it is still economically viable. Aston Martin's focus on affluent clientele who prioritise quality and exclusivity ensures the company's continued profitability in this niche segment.

Figure 19: The Strategy Clock, adapted from Faulkner and Bowman (1995).



Furthermore, Appendix 13 provides a comprehensive view of Aston Martin's competitors and their positions on the Bowman Strategy Clock. Direct competitors like Ferrari and Lamborghini implement Focused Differentiation strategies, targeting affluent clientele with high-performance, exclusive vehicles and meeting unique demands like bespoke customisation.

Aston Martin has implemented a differentiation-focused strategy effectively over time, securing a prominent position in the luxury automobile industry. Based on the analysis and considering the Five Forces, Aston Martin should maintain this strategy, prioritising additional development to meet specific customer demands and adapting to changing consumer preferences to capitalise on the sector's potential high profitability. This strategy will allow the company to increase its market share, maintain a competitive advantage, and ensure continued success while catering to the changing needs of its affluent clientele.

6.2.3. Criticisms of Bowman's Strategy Clock

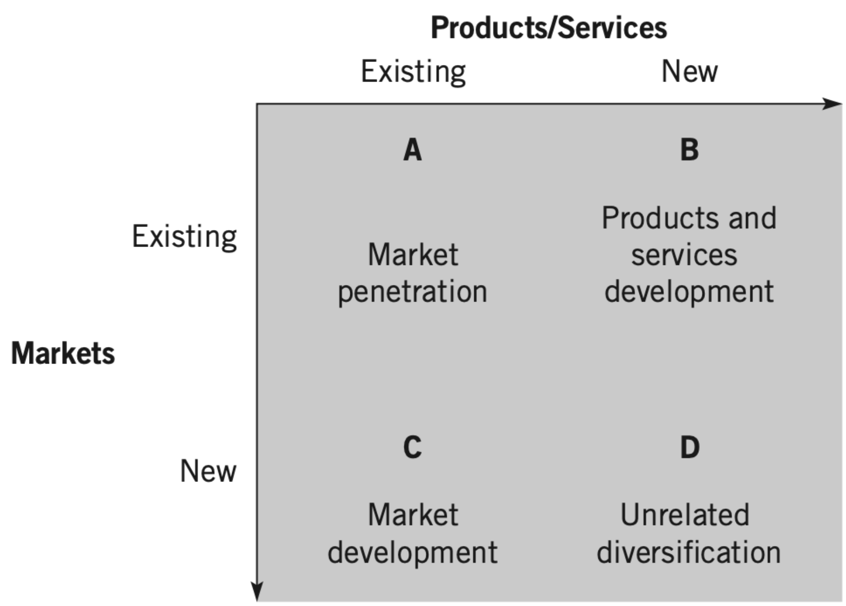
Whittington et al. (2020) argue that Bowman's Strategy Clock may oversimplify complex strategic decisions, and its emphasis on customer prices may overlook crucial competitive factors. Faulkner and Bowman (1995) acknowledge the limitations of hybrid strategies and the fallacy of smooth transitions between positions. Despite these criticisms, the Strategy Clock remains valuable when combined with other frameworks to understand business strategy comprehensively.

6.3. Strategic Direction & Methods Used

6.3.1. Introduction

According to Whittington et al. (2020), strategic directions involve determining the products, industries and markets a company should pursue, whereas strategy methods encompass how these strategies are implemented. Identifying a company's growth direction is a crucial corporate strategy choice. Figure 20 depicts the Ansoff Matrix, a widely-used tool for analysing potential strategic directions, with various strategy methods detailed in Appendix 14. This matrix highlights implementation possibilities for core competencies and generic strategies.

Figure 20: The Ansoff Matrix, adapted from Ansoff et al. (1988)



6.3.2. Analysis of Aston Martin's Strategic Direction and Methods Used

Appendix 15 provides a comprehensive analysis of Aston Martin's strategic direction using the Ansoff Matrix, covering market penetration, market development, product development, and diversification. The company has implemented these strategies through Organic Growth and Strategic Alliances. Table 15 examines the company's strategic decisions to comprehend its growth trajectory and the methods to achieve its goals.

Table 15: Analysis of Aston Martin's Strategic Direction and Methods Used

Market Penetration	Aston Martin pursued market penetration strategies through organic growth by allowing customers to update older models (January 2022) and aggressively redesigning its 2023 Formula 1 car (February 2023). In May 2022, the company also introduced a new B-spec version of its current AMR22 car. These initiatives aimed to increase sales within existing markets by attracting new clients and encouraging repeat purchases from existing customers.
Market Development	The company has expanded its global presence by opening dealerships and showrooms in new markets, such as Bucharest (March 2019), Abu Dhabi (November 2018), Shanghai (October 2018), and Beijing (April 2018). These market development efforts were accomplished through both strategic alliances and internationalisation with local partners like British Motors EEC, enabling Aston Martin to reach a broader audience and grow its customer base.
Product Development	Aston Martin has consistently prioritised organic growth through product development and introducing new products to maintain a competitive advantage in the luxury automobile market. For example, the company released the DBX707 SUV in February 2022, the AMR22 Formula One car in February 2022, the DBR22 sports car in August 2022, and the AMB 001 Pro superbike in November 2022. In addition, Aston Martin partnered with Mercedes-Benz AG (October 2020) to expand its technologies and components. These activities aimed to solidify its position in the luxury automobile market.
Diversification	Aston Martin has diversified its product offerings by entering new industries and forming strategic partnerships with other businesses. Among the partnerships are

	ones with Globe-Trotter for premium luggage (April 2023), Bowmore for a limited-edition whisky collection (August 2022), Tiny Digital for unique playable cars (December 2022), and launching an NFT collection (December 2022). Aston Martin has created new revenue streams and improved its brand image by diversifying its portfolio through strategic partnerships.

In conclusion, the Ansoff Matrix analysis reveals the strategic approach's strengths and weaknesses for Aston Martin. Effective organic growth strategies, strategic alliances and internationalisation enable market penetration, product development, and diversification, preserving a competitive advantage in the luxury automobile market. However, potential weaknesses may result from a reliance on partnerships that reduces brand and product quality control. In addition, the dynamic nature of the market necessitates continuous innovation, posing challenges for Aston Martin. To maintain a competitive advantage in the future, the company must balance exploring new markets and product innovation and mitigating risks associated with alliance dependence.

6.3.3. Criticisms of Ansoff Matrix

Although helpful in analysing Aston Martin's strategic direction, the Ansoff Matrix has limitations. Johnson et al. (2020) argue that oversimplification may prevent it from capturing the full scope of strategic initiatives, while its inability to account for changing market conditions renders it static. Furthermore, the Ansoff Matrix falls short of providing clear guidance on strategy prioritisation and assessing the risks associated with each growth strategy (David & David, 2017). To overcome these limitations, it is essential to complement the Ansoff Matrix with a more dynamic and comprehensive analysis when evaluating Aston Martin's strategic landscape.

7. CONCLUSION AND RECOMMENDATIONS

This section summarises the analyses conducted in previous sections to comprehensively evaluate Aston Martin's strategic position and provide informed recommendations for the company.

7.1. Generating Potential Strategic Options

7.1.1. Define TOWS

The TOWS Matrix, developed by Weihrich (1982), expands upon the SWOT analysis by providing a more all-encompassing framework for strategic planning. It deeply analyses the connections between a company's SWOT (strengths, weaknesses, opportunities, and threats) to develop potential strategic options. The four quadrants (SO, ST, WO, WT) of the TOWS Matrix (Figure 21) help businesses capitalising on opportunities, reduce risks and strengthen areas that need improvement.

Figure 21: The TOWS Matrix, adapted from Weihrich (1982).

		Internal factors	
		Strengths (S)	**Weaknesses (W)**
External factors	**Opportunities (O)**	**SO Strategic options** Generate options here that use strengths to take advantage of opportunities	**WO Strategic options** Generate options here that take advantage of opportunities by overcoming weaknesses
	Threats (T)	**ST Strategic options** Generate options here that use strengths to avoid threats	**WT Strategic options** Generate options here that minimise weaknesses and avoid threats

7.1.2. Apply TOWS

Based on the previous analyses, Aston Martin has demonstrated a robust strategy, indicating that it would be reasonable for the company to maintain its current approach. Nevertheless, by applying the TOWS Matrix to Aston Martin, as shown in Table 16, alternative strategies have been identified that the company may consider exploring.

Table 16: Applying TOWS to generate potential strategy for Aston Martin

	Internal strengths (S) 1. Strong brand reputation and heritage in the luxury automotive market. 2. Innovative product lineup and commitment to design excellence. 3. Expertise in engineering and craftsmanship. 4. Successful strategic alliances and collaborations.	**Internal weaknesses (W)** 1. High production costs 2. Dependence on a single main SBU for revenue generation. 3. Potential quality control issues due to reliance on partnerships. 4. Long cycle for new model development.
External opportunities (O) 1. Emerging markets and global expansion potential. 2. The luxury automotive	**S-O Strategy** **1. (S1+S2+O2+O3) Product Innovation and Diversification:** Utilise Aston Martin's design and engineering expertise to create innovative products such as high-performance electric vehicles or futuristic road-legal sci-fi cars. Utilise cutting-edge technology from the Formula One Racing team to meet emerging market demands and capitalise on rising interest in environmentally friendly transportation options.	**W-O Strategy** **8. (W1+O3) Cost Optimisation and Efficiency:** Reduce production costs by automating manufacturing to remove the human touch and craftsmanship. Integrating robotics and other advanced technology increases profit. **9. (W2+W4+O2) Diversification and New Product Development:** Expand Aston Martin's product

industry offers potential high profitability and growing demand for luxury electric and hybrid vehicles. 3. Technological advancements in the automotive industry. 4. Strategic partnerships and collaborations with other brands.	**2. (S1+S3+S4+O1+O3+O4) Global Expansion and Strategic Alliances:** Expand into new markets and form strategic alliances or collaborations with companies in complementary industries, such as yacht manufacturers (such as Benetti or Azimut) or private jet manufacturers (such as Gulfstream). Collaborate with cutting-edge technology providers such as NVIDIA to integrate VR or AR solutions to improve customer experience and expand Aston Martin's global reach. **3. (S1+O2) Exclusive Services and Experiences:** Provide high-end services or experiences, such as the Aston Martin Experience Center, where targeted customers can interact with limited car models and dine at Aston Martin-branded hotels and restaurants (by Strategic Alliances). Create high-end subscription services and luxury vehicle clubs, such as the Aston Martin Formula One Club, to cater to the affluent target market's preferences and to reinforce the brand's reputation for luxury and exclusivity.	portfolio by entering new segments, such as collaborating with prestigious luxury brands such as Hermès, Louis Vuitton, Patek Philippe, or Audemars Piguet to launch a new luxury fashion SBU featuring limited-edition, co-branded products and accessories to reduce reliance on revenue generation from a single primary SBU. Increase the Service SBU's growth by introducing luxury subscription services, exclusive access to a curated fleet of vehicles, and personalised experiences for affluent clients. **10. (W3+O3) In-house Manufacturing and Advanced Technologies:** Transition to manufacturing key components in-house, such as high-performance engines, to reduce quality control issues caused by reliance on partnerships. Invest in cutting-edge technologies such as carbon fiber 3D printing to improve production efficiency, product quality, and control over the manufacturing process. **11. (W4+O3) Accelerate Product Development and Innovation:** Leverage technological advancements in the automotive industry to speed up the new model development process. Explore collaborations with

		technology providers (Strategic alliances to use developed technologies for production), and adopt agile methodologies to reduce the development cycle and quickly bring new products to market.
External threats (T) 1. Intense competition in the luxury automotive market. 2. Supply chain disruptions due to economic uncertainties. 3. Increasingly stringent environmental regulations. 4. Potential risks associated with overreliance on	**S-T Strategy** **4. (S1+S3+S4+T1) Competitive Differentiation and Niche Focus:** Focus on niche markets such as ultra-luxury, limited-edition, and bespoke vehicles catering to wealthy collectors and enthusiasts to differentiate Aston Martin from competitors and emphasise its exceptional design, engineering expertise, and craftsmanship. Partner with renowned artists, designers, and other luxury brands to create unique, limited-edition Aston Martin vehicles. Establish an ultra-luxury customisation studio where clients can collaborate closely with Aston Martin's design and engineering teams to create bespoke vehicles tailored to their preferences. **5. (S1+S4+T2) Localisation and Supply Chain Resilience:** Create a more flexible and resilient supply chain by identifying alternative suppliers and implementing contingency plans to mitigate disruptions. Enhance relationships with local suppliers and investigate opportunities for regional sourcing	**W-T Strategy** **12. (W2+W4+T1+T2) Luxury Market Transformation and Supply Chain Collaboration:** Transform the luxury automotive market by collaborating with competitors (e.g., Ferrari, Lamborghini) to develop a shared R&D and supply chain management platform to reduce overall production costs and supply chain disruptions. **13. (W2+W4+T3) Sustainable and Eco-friendly Innovation**: Invest in R&D to address rising environmental regulations and develop eco-friendly technologies, such as electric or hybrid powertrains. This strategy can reduce the negative impact of stringent regulations on the business, attracting environmentally conscious consumers and enhancing brand perception.

strategic partnerships.	or nearshoring to reduce reliance on international suppliers and mitigate the risks associated with economic uncertainty. **6. (S1+S2+T3) Sustainability and Environmental Leadership:** Invest in R&D to create environmentally friendly vehicles and use sustainable manufacturing processes that adhere to strict regulations. Work with experts to develop and invest in synthetic fuels (eFuels) to reduce emissions and improve vehicle efficiency. To demonstrate the brand's commitment to sustainability and environmental responsibility, transition to using renewable energy sources to achieve net-zero carbon emissions for every vehicle produced. **7. (S1+S4+T4) Strategic Partnership Diversification and Risk Management:** Continuously assess and monitor strategic partnerships to identify and mitigate potential risks. Diversify collaborations and alliances with various organisations, such as technology providers, material suppliers, and complimentary luxury brands, to reduce reliance on any single partnership and improve the brand's overall value proposition.	

7.1.3. Criticisms of TOWS

Despite the fact that the TOWS model is a valuable tool for generating strategic options by revealing relationships, it can become complicated when multiple factors are identified (Weihrich, 1982). However, this challenge can be addressed by utilising an interaction matrix to identify combinations of relationships that can aid in strategic decision-making. Moreover, Whittington et al. (2021) have argued that the model fails to acknowledge the dynamic nature of the business environment as it only captures a momentary snapshot. Thus, a strategic choice that appears to be solid can quickly become outdated.

7.2. Evaluating Potential Strategic Options

7.2.1. Define SAFe

After generating 13 potential strategies using the TOWS Matrix, this section will evaluate them according to four SAFe criteria: *Suitability, Acceptability, Feasibility,* and *evaluation*. *Suitability* assesses whether a strategy addresses key strategic challenges an organisation faces, *Acceptability* determines whether a strategy meets stakeholder expectations, *Feasibility* examines its practicality, and *evaluation* synthesises these assessments for the most optimal strategy, as the results for each often suggest different strategies to take forwards (Whittington et al., 2020). In a nutshell, SAFe provides a standardised method for evaluating and selecting the optimal strategy from the pool of alternatives identified by the TOWS Matrix.

7.2.2. Apply SAFe

This section utilises SAFe to evaluate the potential strategies suggested through TWOS Matrix, as shown in Table 17 below.

Table 17: Applying SAFe suggested strategies (refer to Table 16 for detailed strategy)

Idea	Suitable	Acceptable	Feasible	Evaluation	When
1	Yes	Yes	Yes	**Product Innovation and Diversification**: This strategy is suitable because it leverages Aston Martin's design and engineering strengths to capitalise on	Immediately

				emerging market opportunities in eco-friendly transportation. Stakeholders would accept this strategy due to its alignment with market trends and growth potential. Aston Martin should employ this strategy immediately by investing in R&D and technology partnerships.	
2	Yes	Yes	No	**Global Expansion and Strategic Alliances** : This strategy is suitable and acceptable because it addresses Aston Martin's growth and diversification needs while aligning with the company's luxury branding. However, feasibility concerns arise due to the difficulty in partnering with the specific companies mentioned. Aston Martin could consider alternative collaborations or a broader range of partners to make this strategy more feasible, positioning it as a medium term strategy.	Medium term
3	Yes	Yes	Yes	**Exclusive Services and Experiences:** This strategy is suitable, acceptable, and feasible because it aims to improve the customer experience while generating additional revenue streams. Stakeholders would support this strategy because it capitalises on Aston Martin's brand reputation and design strengths. Aston Martin should prioritise investment in infrastructure, strategic alliances, and marketing efforts to implement this strategy as soon as possible, given its potential for immediate impact.	Immediately
4	Yes	Yes	Yes	**Competitive Differentiation and Niche Focus:** This strategy is suitable because it aligns with Aston Martin's design and engineering strengths and is acceptable because it reinforces the brand's exclusivity. This strategy, which focuses on niche markets and partnerships to create limited-edition vehicles, would be supported by stakeholders. Immediate implementation of this strategy would allow Aston	Immediately

				Martin to maintain its competitive advantage while catering to the preferences of wealthy collectors and enthusiasts.	
5	Yes	Yes	No	**Localisation and Supply Chain Resilience:** This strategy is suitable because it addresses the need for a more flexible and resilient supply chain. It is acceptable because it assists the company in mitigating the risks associated with economic uncertainty. However, feasibility concerns arise due to the time and effort required to identify alternative suppliers and establish new relationships. As a result, this strategy should be positioned as a medium-term approach that focuses on increasing the adaptability and durability of the supply chain.	Medium term
6	Yes	Yes	No	**Sustainability and Environmental Leadership**: This strategy is suitable because it targets the growing demand for environmentally friendly vehicles while adhering to stringent regulations. It is acceptable because it demonstrates Aston Martin's commitment to environmental responsibility. While not immediately feasible due to the need for significant investment in R&D and renewable energy sources, this strategy is viable in the medium term. It can significantly improve the brand's image.	Medium term
7	Yes	Yes	Yes	**Strategic Partnership Diversification and Risk Management:** This strategy is suitable and acceptable because it helps Aston Martin mitigate risks associated with over-reliance on a single partnership and aligns with the brand's identity. The strategy is feasible because it can be implemented immediately to strengthen the company's overall value proposition. Aston Martin should prioritize this approach to diversify collaborations and alliances and improve its market position.	Immediately

8	Yes	No	No	Cost optimisation and efficiency: While this strategy is suitable for reducing production costs, it is unacceptable because it sacrifices the human touch and craftsmanship that define Aston Martin's brand identity. Additionally, the feasibility of implementing excessive automation is low due to the significant investment in technology and reengineering production processes. As a result, this strategy should be viewed as a long-term approach with a more balanced emphasis on maintaining brand identity.	Long term
9	Yes	Yes	No	**Diversification and New Product Development:** This strategy is suitable because it focuses on expanding Aston Martin's product portfolio while reducing reliance on a single primary SBU. Collaboration with prestigious luxury brands is acceptable because it aligns with the company's luxury brand image. However, concerns about feasibility arise due to the difficulties in securing partnerships with the specific luxury brands mentioned. To make this strategy more feasible, Aston Martin could consider a broader range of partners or alternative collaboration formats, positioning it as a medium-term strategy.	Medium term
10	Yes	Yes	No	**In-house Manufacturing and Advanced Technologies:** This strategy is suitable because it addresses quality concerns by reducing reliance on external partners and investing in advanced technologies. Stakeholders would accept it because it demonstrates innovation, quality, and self-reliance. However, it may not be feasible in the short term due to the significant investments required in technology, infrastructure, and human resources, as well as potential challenges	Medium term

				in developing in-house expertise and scaling up production capabilities. As a result, this strategy should be viewed as a medium-term strategy.	
11	Yes	Yes	Yes	**Accelerate Product Development and Innovation:** This strategy is suitable because it uses technological advancements in the automotive industry to accelerate product development. It is acceptable because it corresponds to market trends and the need for ongoing innovation. Aston Martin should implement the strategy immediately because it is feasible, with the potential to collaborate with technology providers and adopt agile methodologies, allowing it to bring new products to market more quickly and maintain a competitive edge.	Immediately
12	Yes	No	No	**Luxury Market Transformation and Supply Chain Collaboration**: The strategy is suitable because it aims to reduce production costs and supply chain disruptions by encouraging competitor collaboration. It is, however, unacceptable due to concerns about sharing confidential information and losing a competitive advantage. Furthermore, the feasibility of this strategy is low because it necessitates strong alignment and trust among competitors, which can be challenging to establish. As a result, this strategy should be considered as a long-term option.	Long term
13	Yes	Yes	Yes	**Sustainable and Eco-friendly innovation:** This strategy is suitable because it addresses rising environmental regulations and market demand for eco-friendly technologies. It is acceptable because it is consistent with Aston Martin's commitment to sustainability and can potentially improve brand perception by attracting environmentally conscious customers. Given the feasibility of R&D	Immediately

				investment and the immediate need to address environmental concerns, Aston Martin should prioritize implementing this strategy as soon as possible to stay ahead of industry trends and comply with regulatory requirements.	

7.2.3. Criticisms of SAFe

Whittington et al. (2020) stated that SAFe simplicity and qualitative nature, which may leave out important factors such as organisational culture, power dynamics, and politics. Additionally, David et al. (2017), SAFe is biased, whereas the Quantitative Strategic Planning Matrix (QSPM) provides a more objective approach to assessing strategy attractiveness. Critics argue that SAFe is better suited as a starting point rather than a comprehensive tool for strategy evaluation.

7.3. Conclusion

A summary of the key findings from the comprehensive analysis of Aston Martin's micro-environment, internal environment, sustainability strategy, and existing strategic options are provided in this concluding section. Table 18 summarises the key findings from the critical examination, addressing the report's objectives.

Table 18: Summary of key findings addressing objectives of the report

Objective	**Report findings**
1. Critically analyse and evaluate the micro-environment to identify opportunities or threats.	• Aston Martin targets customers in the Luxury Performance Sector with luxury sports cars, luxury touring vehicles, and SUVs. • Porter's Five Forces analysis reveals a favourable environment for established luxury automakers, with low competition from new entrants and substitutes and low buyer bargaining power.

	• High competition and limited supplier bargaining power necessitate ongoing adaptation, innovation, and supply chain management. • Aston Martin operates in a potentially profitable industry. Aston Martin can capitalise on the industry's profit potential by focusing on product differentiation, embracing emerging trends, and optimising supplier relationships.
2. Critically analyse and evaluate the internal environment to identify strengths or weaknesses.	• Aston Martin's vision statement, when aligned with its values and culture, provides a clear strategic direction; however, the mission statement omits some essential elements, presenting a potential weakness in articulating the company's purpose and approach, while the strong culture centred on heritage, quality, innovation, teamwork, and sustainability serves as a strength. • VRIO analysis reveals sustained advantages in design, engineering, craftsmanship, adaptability, skilled workforce, innovative leadership, Formula One participation, and brand reputation. • Product Life Cycle Analysis identifies the Sales of Vehicles unit as a strength, while supplementary units have moderate growth potential but are critical for supporting the primary unit. • The BCG Matrix analysis identifies Sales of Vehicles and Sales of Parts units as strengths and Brand & Motorsport and Vehicle Servicing as weaknesses. • Financial performance analysis identifies weaknesses in revenue growth, net profit growth, net cash position, net margin, ROCE, and P/E ratio, while gross margin is a strength.
3. Critically analyse and evaluate Aston Martin's Business Model to identify any strengths or weaknesses	• Key strengths include luxury, performance, exclusivity value propositions, heritage, Formula One presence, strong customer relationships, and strategic partnerships. • Challenges include cost management, including R&D, production, marketing, and employee compensation expenses.

	• Aston Martin must address cost management weaknesses to sustain growth and success in the luxury automotive market.
4. Critically analyse and evaluate Aston Martin's Sustainability Strategy to identify any strengths or weaknesses.	• Aston Martin's "Racing. Green" sustainability strategy aligns with the Sustainable Value Framework, emphasising Pollution Prevention, Product Stewardship, Clean Technology, and Sustainable Vision. This comprehensive approach is a strength because it can boost competitiveness, reduce operational costs, and contribute to a more sustainable future for the automotive industry.
5. Critically analyse and evaluate the existing strategic options taken by Aston Martin to identify any opportunities or threats.	• Aston Martin employs a Focused Differentiation strategy effectively, targeting the luxury automotive market segment with high-end, bespoke vehicles. • To maintain its competitive advantage in the luxury automobile market, the company employs market penetration, market development, product development, diversification strategies, organic growth, and strategic alliances. • The Ansoff Matrix analysis of Aston Martin's strategic direction reveals strengths in organic growth strategies, strategic alliances, and internationalisation but potential weaknesses in reliance on partnerships and the need for continuous innovation in a dynamic market.
6. Make recommendations on future strategic options.	Refer to the next section: 7.4. Recommendations

7.4. Recommendations

A summary of the key recommendations derived from the comprehensive analysis of Aston Martin's micro-environment, internal environment, sustainability strategy, and existing strategic options are provided in this section. The strategies are divided into two categories:

Immediate and Medium-term to Long-term strategies. Detailed information on each strategy and their evaluations can be found in Tables 17 and 18.

Immediate Strategies

1. Product Innovation, Diversification, and Competitive Differentiation: Invest in R&D and technology partnerships to create innovative, luxury, eco-friendly vehicles while focusing on niche markets and collaborations to develop limited-edition vehicles catering to wealthy collectors and enthusiasts.

2. Exclusive Services and Experiences: Prioritise investment in infrastructure, alliances, and marketing for high-end services and experiences.

3. Strategic Partnership Diversification and Risk Management: Diversify collaborations and alliances to mitigate potential risks and improve market position.

Medium-term to Long-term Strategies

1. Global Expansion, Strategic Alliances, and SBU Diversification: Consider alternative collaborations or a broader range of partners to expand into new markets, form strategic alliances with complementary industries, and diversify the product portfolio through innovative partnerships and collaboration formats.

2. Localisation and Supply Chain Resilience: Increase the adaptability and durability of the supply chain by identifying alternative suppliers and establishing new relationships.

3. Cost Optimisation, Efficiency, and In-house Manufacturing with Advanced Technologies: Balance the emphasis on maintaining brand identity while reducing production costs through automation and technology investments. Address quality concerns by investing in advanced technologies and transitioning to in-house manufacturing to improve production capabilities and maintain a high level of craftsmanship.

4. Sustainability and Environmental Leadership: Invest in R&D and renewable energy sources to create environmentally friendly vehicles and demonstrate commitment to environmental responsibility.

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APPENDICES

Appendix 1: Key drivers of Macro-environment factors affect Aston Martin	
1.	Business cycle (GDP): The COVID-19 pandemic caused a global economic slowdown, which decreased consumer confidence and spending, thus affecting the luxury car market and Aston Martin's sales and revenue (Statista, 2023).
2.	Climate change: Governments worldwide have established net-zero emissions targets, necessitating Aston Martin's investment in electric or hybrid vehicles to meet regulations and the expectations of environmentally conscious consumers (Vidovic, 2021).
3.	Diesel/petrol car ban in 2030: The UK and EU ban on combustion engine vehicles in 2030 compels Aston Martin to switch to electric and hybrid powertrains (GOV.UK, 2021).
4.	The war in Ukraine affects Aston Martin's economic growth, inflation, supply chains, fuel prices, and luxury car market competitiveness (KPMG, 2022).
5.	Adoption of new technologies: Competitors may develop new technologies more quickly, giving them an entry advantage (Aston Martin, 2022a).
6.	Sociocultural: Sustainability and environmental concerns may affect Aston Martin's reputation and market share (BBC UK, 2023).
7.	Brexit: Increased customs and logistics costs, potential tariffs, regulatory uncertainty, a weaker pound, and global market competitiveness may impact Aston Martin as a UK-based business (Financial Times, 2022b).
8.	Socioculturally, COVID-19 shifted consumer priorities towards health, safety, and financial security, which could reduce demand for luxury sports cars like Aston Martin (Statista, 2023).

Appendix 2: Aston Martin Five Forces		
Force	**Evidence**	**Threat Level**
Rivalry	• Direct - Automotive & Parts: Ferrari, Lamborghini, Bentley, McLaren • Direct - Brands & Motorsport: Red Bull Racing, Mercedes-AMG, Ferrari, McLaren • Indirect - Automotive & Parts: Porsche, Rolls-Royce, BMW, Audi, Mercedes-Benz • Indirect - Brands & Motosport: Porsche, BMW-M Performance, Audi Sport, Lamborghini	High

Entry	• Intangible assets £1,394.6m – Aston Martin brand built up over 110 years (Aston Martin, 2023).
	• Total assets of main players in the industry:
	  ○ Aston Martin: £3,104.3m (Aston Martin, 2023)
	  ○ Ferrari: €7,765.8m (Ferrari, 2023)
		Low

Buyers	• Limited products, directly related to rivalry (distinctive) • Specialised and unique products. Few brands offer this kind of product in this distinct segment.	Low
Suppliers	• FY2022: Turnover £1,381.5m; Cost of sales £930.8m (Aston Martin, 2023). • Type of product: Specialised and unique products • Number of suppliers: around 30 - 35 (Autonews Europe, 2019) • Importance of company to suppliers: Moderate • Importance of suppliers to company: Moderate	Moderate
Substitutes	• High-end motorcycles, Private jets and helicopters, High-end public transportation, Car-sharing services, and Autonomous vehicles.	Low

Appendix 3: Aston Martin's Vision statement analysis		
"Aston Martin's vision is to be the world's most desirable, ultra-luxury British performance brand, creating the most exquisitely addictive performance cars" (Aston Martin, 2023).		
Components of Vision Statements from Nanus (1995)	**Aston Martin Vision Statement**	**Analysis**
Future-oriented	"to be"	Clearly conveys Aston Martin's aspirations for the future.
Likely to lead to a better future; fits the organisation's history and culture	"the world's most desirable, ultra-luxury British performance brand"	Lead to a better future with "the world's most desirable". Aligns with Aston Martin's history of producing luxury performance cars with British heritage.
Reflects the organisation's values	"creating the most exquisitely addictive performance cars"	Reflects Aston Martin's values of producing high-performance cars with exceptional craftsmanship and design.
Sets standards of excellence	"ultra-luxury British performance brand"	Sets a high standard of excellence for Aston Martin to be recognised as an ultra-luxury British performance brand.
Clarifies the organisation's purpose and direction	"to be the world's most desirable, ultra-luxury British performance brand"	Clearly defines Aston Martin's purpose and direction of becoming the world's most desirable ultra-luxury British performance brand.
Inspires enthusiasm and commitment	"the most exquisitely addictive performance cars"	Inspires enthusiasm and commitment by appealing to the emotions of potential customers who desire the exhilarating experience of driving an Aston Martin.

Reflects the uniqueness of the organisation	"ultra-luxury British performance brand"	Reflects the unique combination of luxury, performance, and British heritage characteristic of Aston Martin.
Ambitious	"to be the world's most desirable, ultra-luxury British performance brand"	The statement is ambitious and sets a high standard of excellence for Aston Martin to achieve.

Appendix 4: Aston Martin's Mission statement analysis

"Our purpose is to create vehicles with the ultimate technology, precision and craftsmanship that deliver thrilling performance and a bespoke, class-leading experience" (Aston Martin, 2023).

Components of Mission Statements from David et al. (2014)	**Aston Martin Mission Statement**	**Analysis**
1. Customers	(Lack of explicit mention)	Aston Martin's mission statement does not directly identify its customers, although focusing on thrilling performance and bespoke experience implies a target market of discerning, affluent individuals.
2. Products or Services	"vehicles with the ultimate technology, precision and craftsmanship"	Manufacturing high-performance luxury vehicles, focusing on precision, craftsmanship, and cutting-edge technology.

3. Markets	(Lack of explicit mention)	The mission statement does not directly address the geographic markets where Aston Martin competes, though its vehicles are sold worldwide in luxury and high-performance automobile markets.
4. Technology	"with the ultimate technology"	Committed to staying at the forefront of technological advancements and incorporating the latest innovations in its vehicles.
5. Concern for survival, growth, and profitability	(Lack of explicit mention)	The mission statement does not directly address survival, growth, and profitability concerns, though the focus on quality and excellence may implicitly suggest a commitment to these factors.
6. Philosophy	"precision and craftsmanship"	Centred around commitment to excellence, precision, and craftsmanship, focusing on attention to detail and maintaining high standards.
7. Self-concept	"bespoke, class-leading"	Distinctive competence in creating superior performance vehicles combining ultimate technology and craftsmanship, positioning as a market leader.
8. Concern for public image	(Lack of explicit mention)	The mission statement does not directly address Aston Martin's concern for public image or social, community, and environmental concerns.
9. Concern for employees	(Lack of explicit mention)	The mission statement does not directly mention the company's concern for its employees or their value as an asset to the firm.

Appendix 5: Cultural web of Aston Martin	
Cultural web element	**Description/Evidence**
Rituals and Routines	The company fosters a culture of unity, openness, trust, ownership, and courage (Aston Martin Values). Regular team meetings, employee training sessions, and cross-functional collaboration foster continuous improvement (Annual Report).
Stories	Aston Martin's rich history includes a century of automotive excellence, its association with James Bond, and numerous motorsports victories (Aston Martin Racing, 2023). These stories help to shape the brand's image of sophistication, performance, and adventure (Aston Martin Annual Report, James Bond Partnership, Motorsports Achievements).
Symbols	The iconic Aston Martin logo represents freedom, speed, and elegance. Flagship models (DB11, DBS, Vantage, Valkyrie), bespoke services, and Formula One participation exemplify the brand's commitment to high-performance luxury vehicles and personalisation (Aston Martin Branding, Formula One).
Power structures	The company is led by experienced executives from the automotive industry and other relevant sectors, with a strong decision-making hierarchy and a collaborative approach with skilled engineers, designers, and other specialists (Aston Martin Annual Report, Leadership Team).
Organisational structures	Aston Martin has a global presence, with dealerships, suppliers, and manufacturing facilities in the United Kingdom and other countries. The organisational structure encourages department collaboration, ensuring effective communication, innovation, and decision-making (Aston Martin Annual Report, Organizational Structure, Global Network).
Control systems	Aston Martin employs strict quality control measures while adhering to stringent safety and environmental standards. The company monitors key performance indicators (KPIs) like production efficiency, sales growth, and

	customer satisfaction. Regular performance reviews and employee feedback aid in improving processes and maintaining a high level of excellence (Aston Martin Annual Report, Quality and Safety Standards, Employee Feedback System).
The Paradigm	Aston Martin is committed to delivering exceptional craftsmanship, cutting-edge technology, and timeless elegance in its ultra-luxury British performance vehicles. The brand is synonymous with exclusivity, heritage, innovation, performance, and sustainability, strongly focusing on teamwork (Values, Vision, Mission, and Strategy)

Appendix 6: Aston Martin's Resource-Based View and VRIO

Category	**Resource/ Competence**	**Valuable**	**Rare**	**Inimitable**	**Organised**	**Competitive Advantage**	**Economic Implications**	**Evidence**
Financial Resources	Revenue streams (FY2022: £1381.5m)	Yes	No	No	Yes	Parity	Average	Annual reports showing stable revenue from vehicle sales and services
	Cash reserves and liquidity (FY2022: £583.3m)	Yes	No	No	Yes	Parity	Average	Annual reports displaying sufficient cash reserves for operations and investments
	Net profit (FY2022: loss £528.6m)	No				Disadvantage	Below Average	Annual reports indicating significant R&D investment for product development

Physical Resources	Manufacturing facilities	Yes	Yes	Yes	Yes	Sustained Advantage	Above Average	Gaydon and St Athan facilities, with advanced production capabilities
	Cutting-edge equipment and technology	Yes	Yes	No	Yes	Temporary Advantage	Above Average	Use of advanced technology in vehicle production, such as automated systems and robotics
	Geographic location	Yes	No	No	Yes	Parity	Average	Access to skilled workforce, supply chain, and customer base in the UK and Europe
	Global distribution network	Yes	Yes	No	Yes	Temporary Advantage	Above Average	Dealership partnerships in 54 countries, ensuring global reach
Human Resources	Skilled workforce	Yes	Yes	Yes	Yes	Sustained Advantage	Above Average	Expertise in craftsmanship, engineering, and innovation, leading to high-quality, high-performance vehicles
	Innovative leadership and management	Yes	Yes	Yes	Yes	Sustained Advantage	Above Average	Effective decision-making and strategic direction, ensuring the company's competitiveness and growth

	Formula One team	Yes	Yes	Yes	Yes	Sustained Advantage	Above Average	Participation in F1 enhances brand visibility, racing expertise, and technological advancements
	Marketing and sales teams	Yes	Yes	No	Yes	Temporary Advantage	Above Average	Strong customer relationships, fostering loyalty and high levels of satisfaction
Organisa-tional Resources	Organisational culture	Yes	Yes	Yes	Yes	Sustained Advantage	Above Average	Values: Unity, Openness, Trust, Ownership, Courage - fostering a culture of success
	Efficient organisational structure	Yes	Yes	No	Yes	Temporary Advantage	Above Average	Formal reporting, planning, controlling, and coordinating systems that facilitate smooth operations
	Brand reputation	Yes	Yes	Yes	Yes	Sustained Advantage	Above Average	Luxury, performance, exclusivity associated with Aston Martin
	Partnerships with suppliers	Yes	Yes	No	Yes	Temporary Advantage	Above Average	Collaborations with technology and component

								suppliers, such as Mercedes-Benz and others
	Racing.Green sustainability strategy	Yes	Yes	No	Yes	Temporary Advantage	Above Average	Commitment to sustainability, setting goals for tackling climate change, and environmental responsibility
	Supply chain management	Yes	Yes	No	Yes	Temporary Advantage	Above Average	Efficient supply chain, ensuring timely delivery of components and materials
	Customer experience and after-sales service	Yes	Yes	No	Yes	Temporary Advantage	Above Average	Bespoke, class-leading customer experience, resulting in high customer satisfaction and loyalty
Compe-tences	Product innovation	Yes	Yes	Yes	Yes	Sustained Advantage	Above Average	New, cutting-edge models, such as the Valkyrie hypercar and expanding the DBX SUV range
	Design and engineering	Yes	Yes	Yes	Yes	Sustained Advantage	Above Average	Superior vehicle design and engineering, combining performance, luxury, and aesthetics

	Manufacturing and craftsmanship	Yes	Yes	Yes	Yes	Sustained Advantage	Above Average	Hand-built, high-quality vehicles, showcasing British craftsmanship and attention to detail
	Market positioning and brand management	Yes	Yes	Yes	Yes	Sustained Advantage	Above Average	Strong presence in the ultra-luxury and high-performance vehicle market, maintaining desirability and exclusivity
	Adaptability and diversification	Yes	Yes	Yes	Yes	Sustained Advantage	Above Average	Ability to adapt to market changes and diversify product offerings, such as electric vehicles and SUVs

Appendix 7: Aston Martin's turnover and CAGR by Business Unit from 2018 to 2022 (MarketLine, 2023).

(£m)	**2018**	**2019**	**2020**	**2021**	**2022**	**CAGR 18-22 (%)**
Sale of Vehicles	1010.7	880.8	535.1	1005.4	1291.5	6.3
Brand and Motorsport	10.1	27.4	13.5	13.8	9.9	-0.5
Sale of Parts	61.1	63	56.6	65.5	70.8	3.8
Servicing of Vehicles	14.6	9.3	6.6	10.6	9.3	-10.5

*Appendix 8: Aston Martin & direct competitors' sales unit at the end of March 2023 (SMMT, 2023).***		
Brand	**Sales unit**	**Percentage**
Aston Martin	178	23
Bentley	250	32
Ferrari	160	20
Lamborghini	117	15
McLaren	76	10
Total	781	100

**Note: This report uses the UK Car Registrations dataset from SMMT as of the end of March 2023 for the BCG Matrix analysis to determine market share.

Appendix 9: Aston Matin's financial performance from 2018 to 2022, based on MorningStar (2023a).					
(£m)	**2022**	**2021**	**2020**	**2019**	**2018**
Revenue	1381.5	1095.3	611.8	997.3	1096.5

Cost of sales	-930.8	-751.6	-500.7	-642.7	-660.7
Gross Profit	450.7	343.7	111.1	354.6	435.8
Net Profit	-528.6	-191.6	-419.3	-113.2	-62.7
Operating Profit/Loss	-495	-213.8	-466	-104.3	-68.2
Total Assets	3104.3	2842.5	2794.8	2231.1	2061.2
Total Liabilities	2331.8	2182.1	1990.7	1872.2	1611.8
Current Liabilities	1041.9	905.2	808.3	858.2	815.4
Non-current Liabilities	1289.9	1276.9	1182.4	1014	796.4
Total Equity	753	641.8	787.8	344.8	439.2
Net Cash	583.3	418.9	489.4	107.9	144.6
Gross Margin (%)	1.67	1.69	1.82	1.64	1.60
Net Margin (%)	-0.38	-0.17	-0.69	-0.11	-0.06
ROCE (%)	-24.00	-11.04	-23.46	-7.60	-5.47
Gearing Ratio (%)	63.14	66.55	60.01	74.62	64.45
P/E Ratio**	n/a	-1.65	-3.65	-9.93	-5.50
**Note: P/E Ratio data from FAME UK (2023), no data available for 2022.					

Appendix 10: Ferrari's financial performance from 2018 to 2022, based on MorningStar (2023a).					
(£m)**	**2022**	**2021**	**2020**	**2019**	**2018**
Revenue	4,512.9	3,782.7	3,064.3	3,336.1	3,029.4
Cost of sales	-2,346.2	-1,842.8	-1,493.6	-1,599.0	-1,437.4
Gross Profit	2,166.7	1,939.9	1,570.8	1,737.1	1,592.0
Net Profit	826.0	735.8	538.3	616.3	695.0
Operating Profit/Loss	1,043.2	923.1	590.8	775.3	711.2
Total Assets	6,878.2	6,079.0	5,546.3	4,823.8	4,297.2
Total Liabilities	4,573.2	4,120.4	3,961.6	3,506.6	3,098.1
Current Liabilities	938.9	878.2	700.1	712.6	657.9
Non-current Liabilities	3,634.3	3,242.2	3,261.5	2,793.9	2,440.2
Total Equity	2,305.0	1,958.7	1,584.7	1,317.3	1,199.1
Net Cash	1,230.1	1,190.5	1,206.7	795.3	702.9
Gross Margin (%)	1.52	1.49	1.49	1.48	1.47
Net Margin (%)	0.18	0.19	0.18	0.18	0.23
ROCE (%)	17.56	17.75	12.19	18.86	19.54
Gearing Ratio (%)	61.19	62.34	67.30	67.96	67.05
P/E Ratio	7.53	10.15	10.44	7.55	4.83
**Note: Financial information is converted from EUR to GBP as of 24/04/2023 (EUR/GBP = 0.8857).					

<table>
<tr><td colspan="5">Appendix 11: Aston Martin's Business Model Canvas</td></tr>
<tr>
<td rowspan="2">Key Partners:
• Suppliers of high-quality components and materials.
• Dealership network
• Luxury brands, event organisers, and motorsports partners for collaboration and sponsorship
• Technology partners for electric vehicle development and Formula 1 technology</td>
<td>Key Activities:
• Design, engineering, and production of luxury vehicles
• Research and development of new technologies and electric vehicles
• Marketing and brand management, including Formula 1 involvement
• Sales and distribution management</td>
<td rowspan="2">Value Propositions:
• High-quality luxury and sports cars
• Exclusive brand reputation and prestige
• Cutting-edge design and performance
• Customisation and personalisation options
• Focus on sustainability and electric vehicles
Formula 1 racing team and technology transfer</td>
<td>Customer Relationships:
• Personalised sales and after-sales service
• Exclusive customer events, experiences, and access to Formula 1 races
• Customer loyalty programs
• High-touch customer service</td>
<td rowspan="2">Customer Segments:
• High-net-worth individuals
• Luxury and sports car enthusiasts
• Early adopters of electric vehicles (with the introduction of the Rapide E model)
• Motorsport and Formula 1 fan</td>
</tr>
<tr>
<td>Key Resources:
• Intellectual property (designs, patents, trademarks)
• Skilled workforce (designers, engineers, production staff, and motorsport team)
• Manufacturing facilities
• Brand reputation, heritage, and Formula 1 presence</td>
<td>Channels:
• Dealerships and showrooms
• Online presence and configurator
• Partnerships with luxury brands, events, and motorsports (including Formula 1)</td>
</tr>
</table>

Cost Structure (2022 Cost: £930.8m):	**Revenue Streams** (2022 Revenue: £1,381.5m):
• High costs for research and development • Manufacturing and production costs • Marketing and promotional expenses, including Formula 1 sponsorship • Employee salaries and benefits	• Sales of luxury vehicles • Customisation and personalisation services • Licensing and merchandising • Service and maintenance contracts • Formula 1 sponsorship and partnerships

Appendix 12: Analysis of Aston Martin's "Racing. Green." strategy using Sustainable Value Framework by Hart & Milstein (2003).	
Clean Technology Strategies: • Next-gen PHEV commencing delivery in 2024. • BEV launch targeted for 2025. • Fully electrified portfolio by 2030. • Implement ISO 50001 by 2025. • Net-zero across supply chain by 2039.	**Sustainability Vision**: • Women in 25%-30% of leadership positions. • Promote LGBTQ+ inclusion with Racing Pride. • Support UK Disability Confident scheme. • Sustain new apprenticeship recruitment. • Promote STEM education. • Work with UK Government for growth. • Commitment to Science-Based Targets. • Engage in emerging sustainability practices.

Pollution Prevention Strategies:	**Product Stewardship Strategies**:
• Carbon Neutral manufacturing facilities. • 100% renewable electricity in facilities. • 2.5% yearly reduction in CO_2 emissions. • Zero waste diverted to landfill. • 30% supply chain CO_2 emissions reduction.	• Zero single-use plastic packaging waste. • Continue sustainable materials sourcing. • 15% water consumption reduction by 2025. • Improve biodiversity at facilities.

Appendix 13: Aston Martin's Competitors' Strategy on Bowman Clock

Group	Brands	Position	Analysis
Ferrari NV	Ferrari	Focused Differentiation	Ferrari targets the luxury performance market, offering high-quality, exclusive vehicles.
VW Group Hybrid Strategy	Bentley Lamborghini	Focused Differentiation	Bentley and Lamborghini cater to the luxury market with distinctive, high-performance vehicles focusing on cutting-edge design and performance.
	Porsche	Differentiation	Porsche combines performance with relatively competitive pricing, targeting a broader market.
	Audi	Differentiation	Audi offers premium vehicles focusing on performance, technology, and design.

	VW	Low price	VW targets the mass market with affordable, reliable vehicles.
	Škoda	Low price	Škoda offers affordable vehicles with a focus on practicality and value for money.
BMW Group Hybrid Strategy	Rolls-Royce	Focused Differentiation	Rolls-Royce offers ultra-luxury vehicles, emphasizing exclusivity and craftsmanship.
	BMW	Differentiation	BMW offers premium vehicles with a focus on performance and driving experience.
	Mini	Hybrid	Mini combines distinctive design with competitive pricing, targeting a niche market.
Mercedes-Benz Hybrid Strategy	Mercedes-Maybach	Focused Differentiation	Mercedes-Maybach caters to the ultra-luxury market with high-quality, bespoke vehicles.
	Mercedes-AMG	Differentiation	AMG focuses on high-performance vehicles within the premium segment.
Ford Group Hybrid Strategy	Lincoln	Differentiation	Lincoln offers luxury vehicles with an emphasis on comfort and style.
	Ford	Hybrid	Ford targets the mass market with affordable, reliable vehicles.
Toyota Group Hybrid Strategy	Lexus	Differentiation	Lexus provides luxury vehicles focusing on quality, innovation, and performance.
	Toyota	Low price	Toyota targets the mass market with affordable, reliable vehicles.

Appendix 14: Strategy methods

Strategy Method	**Description**
Organic Growth	Organic growth refers to the expansion of a business through its own internal resources and capabilities. This strategy entails increasing market share, enhancing products, and improving operational efficiency without relying on external partnerships or mergers (Whittington et al., 2021).
Merger	Mergers occur when two or more separate entities combine their operations, resources, and management to form a single entity. A merger aims to achieve synergies, increase market presence, or diversify product portfolios (Angwin, 2007).
Acquisition	A company acquires another firm's controlling interest or assets through an acquisition. Acquisitions may facilitate growth, market entry, or procuring valuable resources or technology (Angwin, 2007).
Joint Venture	Joint venture is a strategic partnership between two or more businesses working together on a specific project or business activity. Partners share resources, expertise, and risks while benefiting from the collaboration (Kogut, 1988).
Strategic Alliance	Strategic alliance involves two or more organisations working together to achieve a common goal. Unlike joint ventures, strategic alliances do not include forming a new legal entity. Partners may work together on product creation, marketing, or distribution (Whittington et al., 2021).

Integration	Integration refers to amalgamating a company's operations, processes, or systems, typically after a merger or acquisition. Integration can be vertical (involving various stages of production) or horizontal (combining businesses at the same production stage) (Whittington et al., 2021).
Outsourcing	Outsourcing involves collaborating with a third-party organisation to perform tasks or functions previously managed internally. This strategy can assist a business in reducing expenses, gaining access to specialised expertise, and focusing on core competencies (Troacă & Bodislav, 2012).
Internationalisation	Internationalisation is the expansion of a company's operations into international markets. This strategy may involve exporting products, establishing overseas subsidiaries or production facilities, or forming international partnerships. The objective is to expand the customer base and diversify revenue streams (Whittington et al., 2021).

Appendix 15: Analysis of Aston Martin history using Ansoff Matrix (1988), data from MartketLine (2023)

	Existing Product	New Product
Existing Market	**Market Penetration**: • In January 2022, the company offered customers the chance to update older models to look like new ones (Organic Growth).	**Product Development**: • In October 2020, Aston Martin partnered with Mercedes-Benz AG to expand its technologies and components (Strategic Alliance). • In February 2022, the company launched a new non-electric SUV called the DBX707 (Organic Growth).

	• In February 2023, the company revealed an aggressive revamp for its 2023 Formula 1 car (Organic Growth). • In May 2022, the company introduced a new B-spec version of its current AMR22 car (Organic Growth).	• In February 2022, the company launched its 2022 Formula One car, the AMR22 (Organic Growth). • In August 2022, the company launched the DBR22 two-seater open-cockpit sports car (Organic Growth). • In November 2022, the company launched its new AMB 001 Pro superbike (Organic Growth). • In November 2019, the company launched Aston Martin DBX, an SUV model (Organic Growth).
New Market	**Market Development**: • In March 2019, the company and British Motors EEC opened a new showroom in Bucharest, Romania (Strategic Alliance and Internationalisation). • In November 2018, the company opened a dealership facility in Abu Dhabi (Internationalisation). • In October 2018, the company opened a global brand centre in Shanghai, China (Internationalisation). • In April 2018, the company opened a dealership facility in Beijing (Internationalisation).	**Diversification**: • In April 2023, the company joined forces with Globe-Trotter to create a collection of premium luggage complementing the Aston Martin brand (Strategic Alliance). • In August 2022, the company and Bowmore announced the launch of a limited-edition collection from Islay single malt Scotch whisky (Strategic Alliance). • In December 2022, the company partnered with Tiny Digital to introduce some unique playable cars (Strategic Alliance). • In December 2022, the company launched an NFT collection (Strategic Alliance).