



ASTON MARTIN

INDIVIDUAL PROJECT PART 2



HULT BUSINESS SCHOOL
Global Strategy

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EXECUTIVE SUMMARY

This report will analyse my suggestion and solution for Aston Martin in order to maintain their power in the luxury car market both in the long term and short term.

This report will offer my recommendation based on the finding and research I have done in the previous report.

These suggestions also have the goal to help Aston Martin not only to maintain their status in the market but also to become the leader focusing on the new growing market such as the Asia & Pacific region and also follow the new trends for commercialisation strategy in the short-term.

The report will also provide a description on how Aston should trade short term profitability but increase its reputation and become not only the best luxury car in the market but also combine performances and luxury to an eco-friendly image.

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NEW ECONOMIC OPPORTUNITIES

In the previous report, I analysed new economic opportunities for Aston Martin and explained how the Asia Pacific Region is becoming the biggest consumer base for the luxury car market. This is also true for Aston Martin, in fact from 2017 the sales in this area have increased by 133%. (Winton, N. (2018, November 15). This increase is attributed to the fact that the number of rich in this area is increasing over the years and the rich are becoming richer and richer.

Even if this is a very big success for the company, in my opinion, in the long run, could be a problem for the company, especially if they maintain the structure they currently have over the year. As mentioned in the previous report, currently all the Aston Martin production is based in the UK and just have one office in the Asia Pacific region, located in Singapore. (Locations. (n.d.).



CHANGES ARE REQUIRED

Because of the trends explained above, I suggest that Aston Martin needs to focus more on the Asia Pacific Market and because the area is very big the company needs to invest and increase their presence in the region, by building more offices there and probably build an assembly factory there. This, of course, will be more a Long Term Strategy.

The company needs to internationalise and understand that the time where they were selling the beautiful British car driven by James Bond to save the world is over, new generations are not emotionally attached to the character anymore. This is not happening only in the Asia Pacific region but everywhere in the world and in order to further expand in new markets the company needs adjustments in their structure and commercialisation strategy. In order to do so, the company must find new ways to brand the car in the short term. The company should start using celebrities and famous sports champions as their ambassador that in nowadays society is the one that people get inspiration from and dream to become successful as them one day.

By doing these two adjustments the company will be able to better engage with the new community around the company and increase profits both in the long term and short term.

OPEN NEW OFFICES AND IMPLANT IN ASIA & PACIFIC - LONG TERM STRATEGY

So as I said as a long term strategy Aston Martin should start to understand how to better cover this rich area that is bringing a lot of revenues in the long run.

The company should start open more offices in the region because right now as said, there is only one in Singapore and one in China. This region is very big and having only these two offices limit the potential of Aston Martin to reach more people and better manage the distribution. This, of course, is a costly operation, however, if the economy of this country will keep growing it will guarantee Aston Martin a competitive advantage over the competitors in the luxury market. Also, in the future Aston Martin, in my opinion, should consider opening a production factory there. Of course doing this will mean having to train people to the Aston Martin standards, however, it will guarantee a bigger engagement with these countries as well as new business opportunities and the possibility to find new suppliers in case the situation after the BREXIT will have negative effects on suppliers.

However, Aston Martin needs to be very careful with this decision, first of all, this region is very big and the company needs to understand where is important which countries bring the majority of the profit, also because all countries are governed separately the company needs to understand the pros and cons of opening in each country from a taxation point of view, government point of view and bureaucracy for example. (Globalaw (2018).

Australia, for example, has restrictions for foreign investments or also China is quite rigid. (Moore Stephens. (2017).



Expanding Presence in Asia & Pacific

SCAMPER

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SUBSTITUTE

As far as Substitute Aston Martin will have to substitute the role of the current offices and manufacturing plants reducing the responsibilities and the new offices will be in charge of these responsibilities and work in that region heavily analysing business opportunities and the best strategies to commercialise the car in the region. Also, Aston Martin will have to substitute the approach that is using right now that is the same for every country and make it specific according to the culture of the countries of the Asian Pacific region.

ADAPT

Aston Martin will have to adapt the current culture and philosophy of working to the Asian Pacific culture, this is because probably will hire local employees that have a different culture from the UK culture and way of doing business of Aston Martin.

MAGNIFY

What I think can be magnified in the long run is the assembly office, that in my opinion in the future Aston Martin will have to open one in this area. Creating a faster distribution for its products in the region and adapt to the growth of this market.

PUT TO OTHER USE

Aston Martin could use the current Singapore office as the headquarter of the operations in the Asia Pacific and controlling all the offices that will open in the region, reducing barriers of communication that might have right now using the headquarter in the UK.

RIARRANGE

Aston Martin should also rearrange the way information and decision are taken, providing more autonomy to the headquarter of that area and allowing them to take decision specific for that market need and reduce standardisation of processes.

7S ANALYSIS

Expanding Presence in Asia & Pacific

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STRATEGY

The expansion will have to happen gradually and there is no need to rush. Aston Martin will have to analyse which country is worth to establish an office in and in which country it is important to increase their presence in order to become the leader in the luxury market car industry. The goal is to follow this trend of an increase in sales in this region of the world and become a staple in the market of this region.

STRUCTURE

The new offices will be coordinated from the headquarter in Singapore, reducing the influence of the UK headquarter, allowing faster communication and fewer problems regarding time zones as well as culture. The strategies will be more diversified and more specific for this area of the world reducing the fixed strategy that Aston Martin is using right now to coordinate all the macro-regions of the world.

SYSTEMS

All the different offices in the Asia & Pacific region will respond to the Singapore Headquarter, the Singapore headquarter will have more decisional power and will be less influenced by the UK headquarter. However, the decision will have to be always shared and discussed first.

SHARED VALUES

The goal will always be to deliver perfection and a unique experience to customers and this value will be shared also in this region, providing a very good customer experience, and follow the customers also after the consumption of the car, by understanding the differences in each culture of each country and align the decision to that.

STAFF & SKILLS

Aston Martin will have to hire local staff that understand the culture and the differences of this region and will train them combining their knowledge with the Aston Martin values .

NEW BRANDING STRATEGY- SHORT TERM STRATEGY

Over the years Aston Martin as main branding strategy used the association between the car and James Bond, the famous British secret agent that in every movie saves the world in spectacular fashion and drives amazing Aston Martin and date beautiful women. In the past, everyone wanted to be 007 aka James Bond and dreamed one day to be able to own an Aston and feel like a secret agent.

However, in recent years and especially in new generations the 007 dream no longer exist like several years ago and this might create a problem for Aston Martin.

The problem is that people don't have the same passion about 007 anymore and do not grow up with the dream of owning an Aston because of James Bond. This is the problem of Aston Martin, as also stated by the Marketing Director of the company trends are changing and Aston has relied too much on the James Bond movies. (Charlotte Rogers. (2016, November 04).

If Aston does not change this perception now, the rich of the future will not have the same desire of owning an Aston Martin as before and will go for other luxury cars whenever they want to buy one.

For this reason, I suggest that Aston Martin should start using new brand ambassador that are part of the current culture and that have the power of influencing the current generations and make them dream to be like them one day, famous, rich and Aston Martin owners. The most influential people in the world right now are without a doubt are Actors and Sport champions.

If I think about people that are very influential now, the first names that come in my mind are for example Robert Downey Junior, an actor that kind of share the same class and charm of James Bond but is very influential in the real world or for example famous soccer players such as Cristiano Ronaldo or Messi. People that were able to become millionaires thanks to their passion and hard work and should be what Aston Martin should mean to people when they own one, being able to say, I made it.



Change branding strategy

SCAMPER

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SUBSTITUTE

Aston Martin will have to substitute James Bond as their main brand ambassador and find new faces, as I said actors or sport champions to become the face of the Brand now, people that can inspire these new generations. The same way 007 shows the car in the movie the ambassador can use their social media showing their life when using an Aston Martin.

MAGNIFY

The company can magnify their presence on social media that nowadays are the real channel of communication and the ambassador will have this purpose, being able to reach more people and not just through 007 movies. Also, 007 movies come out every 3-4 years while through ambassador and social media the company will be able to connect with people daily and be able to follow trends much more efficiently.

PUT TO OTHER USE

Aston Martin can keep being the car that 007 uses in the movie, however, could use the movie to keep loyal those customers that grew up with the James Bond dream. Probably they should use in the movie old and classic models that aficionados can immediately identify and keep making them think why they dreamed of owning an Aston in the first place. Instead of using it as a channel for presenting the new models and cars.

Change branding strategy

7S ANALYSIS

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STRATEGY

The strategy is to understand the fact that people, unlike the past, grew up without the myth of James Bond and in order to create a sense of myth around the car Aston Martin needs to start using new ambassador that people can associate with the car. People that are influential in nowadays society and can inspire generations to want to become like them and owning an Aston Martin and are loved globally. The new ambassador will have a very big presence on social media and will be able to show their everyday life as Aston Martin owners.

SYSTEMS

Communication will be the most important thing. Also, social media allow companies to better analyse conversion rate and what people really think about the product or brand, and in this case, Aston Martin and their cars.

SHARED VALUES

Aston Martin will need to identify the right ambassadors and these people will not only have to show the car on social media, they will have to be people that share the same values of Aston, such as attention to details, quality, high standards for example and at the same time embrace what it means to be an Aston Martin owner.

STYLE

The company will have to understand that we are living in a generation where the "canonical" methods of communications are not as effective as before and people need to be constantly reminded why they should dream about owning an Aston Martin and just reminding it to through James Bond movie is not effective anymore and people now forget faster than before because are constantly in touch with new things.

TRADE-OFF BETWEEN SHORT TERM PROFITABILITY AND REPUTATION

Aston Martin chief creative officer at the 2018 Web summit stated that the company according to their new business model the "Aston Martin secondary century plan" doesn't have any plan to work on or introduce any type of autonomous vehicle. (Daniel, E. (2019, January 03).

This is the right move and I believe that this technology is not good for luxury car brands because of the fact that the owners of this type of cars or the people that want to buy them have the desire to drive them and be able to embrace the full experience of owning a luxury car.

However there is a trend that is going on today that Aston should be very careful about, that is eco-friendly cars.

A lot of luxury car companies are creating and launching eco-friendly models that can be either fully electric cars or hybrid models and are already having a big portion of this market.

I am not just referring to Tesla that was born to create fully electric vehicles but also brands such as Porsche or BMW that already launched electric luxury models such as the BMW i8 and the Porsche Panamera electric. (Ryan, C. (n.d.).

I believe that electric cars will be the future and Aston Martin currently is only focusing to create hybrid engines for models that already exist and as I said in the previous report it will do it in very limited numbers. However, I believe that Aston should develop new eco-friendly technology and possibly a fully electric car that might not result on a game changer and source of huge profit right now but that will provide a strong position in the eco-friendly luxury car market when the time of fully electric vehicles will come. This will also increase the reputation of Aston Martin making it not only a luxury sports car but also a Luxury car that is able to combine power, performances and luxury with the perception of respecting the environment and the image of being possible to be successful and "cool" and also be eco-friendly. By starting creating a unique model now Aston Martin will gain expertise in electric technology and gain competitive advantage on competitors when the time of fully electric cars will come.

This is the trend that will mostly change the future of cars, and according to experts such as Elmer Kades, managing director of the consulting firm Alix Partners, "electrification" can not be stopped anymore and the growth rate is between 50-60% on a global level. (The Future For Electric Vehicles - A Few Analysts Weigh In. (2019, March 18).

CONCLUSION

Aston Martin is already on the right path to keep its importance and value in the luxury car market. However, if the company wants to keep the market share and possibly grow even more the company should start thinking about both short term and long term solutions. In the short term, Aston should start changing their branding strategy and stop relying too much on James Bond movie for branding their car. Aston Martin should start to consider the new trends and what type of people the new generations are inspired by and dream to become one day. For this reason, the company should start using influent actors and sports champions as their brand ambassador, people that are inspiring these new generations and Aston should start to associate its name with them. As far as long term strategy Aston Martin should start considering the importance of the Asia Pacific region and expand even more there. The area is becoming richer and richer and also Aston Martin has seen an increase in sales in this region over the last year. By expanding their operation there and try to combine the company philosophy and the region culture Aston would be able to guarantee a high position in the future as the top luxury car company in the region. Lastly, Aston should also try to understand the importance of electric cars and how electric cars will change the market forever, also the luxury car market. Aston should start developing a fully electric car that might not be successful in the short-run, however, would allow the company to gain experience during the process and recognition as a combination of luxury and environmentally friendly car providing a competitive advantage when electricity will take over fossil fuel as the main resource for cars.



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