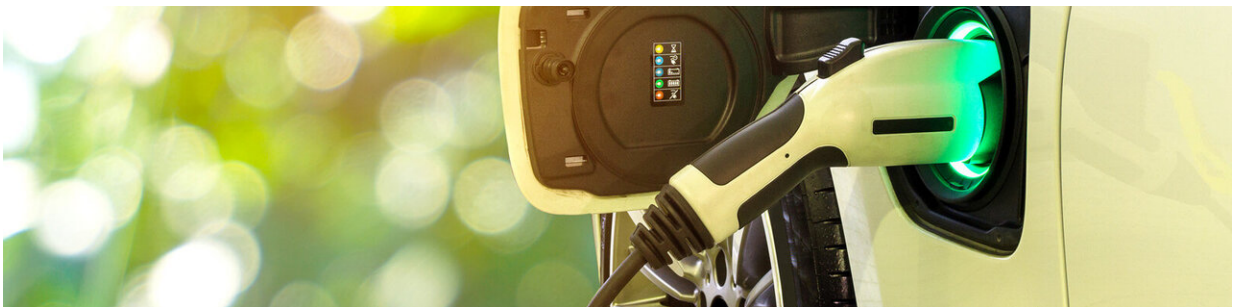


Jaguar's electric car target should be applauded, but the challenges are many and varied

April 21 2021, by Luke Lambert



Credit: Jaguar

Jaguar has pledged to become a fully electric car manufacturer by 2025, phasing out diesel and internal combustion engines as part of its new push to become a luxury brand.

In a bold move amid a global pandemic and the UK's departure from the EU, Jaguar is not the first to make such an announcement, following the likes of General Motors (GM) at the back end of 2020. Although the move will result in the closure of a car manufacturing plant in the West Midlands, it is not expected to lead to forced redundancies, with the switch an attempted repositioning to compete with the likes of Bentley and Rolls Royce.

The challenge in being an innovator in this field does not lie squarely with existing car manufacturers, but the might of international technology giants such as Apple and Google.

Experts from the Business School (formerly Cass) have welcomed the move but insist there must be a strong and long-sighted strategy for success in the face of challenges like the size of the UK [market](#) and more proactive competitors.

Professor ManMohan Sodhi, professor of operations and [supply chain management](#) said Jaguar should be conscious of being too reactive as they respond to a fiercely competitive industry.

Not the first of its kind

"The Jaguar announcement is welcome and has raised the stock price of its parent company, Tata Motors—but only marginally.

"Jaguar enters a tough market, where its manufacturing prowess is less relevant. Electric vehicles (EVs) have far fewer moving parts than petrol and diesel cars, and the software behind battery technology—where Jaguar will be a new player—is more relevant.

"Jaguar's announcement follows, not leads, other manufacturers like GM who announced a similar timeline back in November.

"This move was decided by other manufacturers, and it is unclear what Jaguar is going to do differently other than keep up."

Technology threat

"The threat to Jaguar and its peers is not from auto companies, perhaps

not even Tesla.

"The worry for these companies is whether the tech giants—such as Apple, Google, and others—will enter this market. This could be through making cars on their own or reducing the auto companies to 'tin can' manufacturing, just like any number of manufacturers around the world making smartphones that run Google's Android: who ends up with the profits? Google."

"In such a setting the lowest cost manufacturer comes out ahead, and Jaguar is not that."

Reactive approach may not be enough

"Jaguar announced they also be looking into hydrogen cells, which give auto companies a fighting chance against the tech giants.

"It is time for Jaguar and its automotive competitors to come up with a strategy against the tech companies. Reactive moves alone will not enthruse investors for ever."

Dr. Paolo Aversa, Associate Professor of Strategy, believes Jaguar's push for a unique brand identity has so far yielded mixed results, and that a move to [electric vehicles](#) could be the step needed to break the mold.

Isolated infrastructure may be beneficial

"This strategy is both proactive and reactive.

"It is proactive because Jaguar has been trying for years to reacquire a strong market positioning and a distinct brand identity with mixed results. A complete shift to electric vehicle (EV) mobility might provide

such an opportunity. It is also reactive as it aligns with recent UK governmental policies which aim to fully shift to electric vehicles in the years to come."

"This is a consistent strategy as the diffusion of EV develops in parallel with the charging infrastructure. The infrastructure development is mostly driven by policy makers' decisions, and this is easier to achieve at a country level. Since cars in the UK rarely travel across other countries—due to driving on a different side of the road—it is a fundamentally isolated ecosystem which could reach full EV adoption in an easier way than, for example, across the European continent."

Dr. Aversa believes challenges lie ahead, and believes there are three primary threats to progress.

1. Plenty of other players have been intensively working in the EV market for many years, and are strongly positioned in this marginal market. For Jaguar, the EV technology has only been a peripheral project up until now, and it is not clear how Jaguar will cover the gap with competitors.
2. The UK market is a relatively small one, particularly if we consider that Jaguar targets a premium segment; the scale economies needed to make this operation viable require a successful expansion to foreign markets, which present fierce competition.
3. The production of EV is based on parts which are not entirely manufactured in the UK, but usually come from Europe, as well as Japan and the U.S.. With Brexit the supply chain might struggle, and this could be reflected in the product cost, which could increase the already high prices of EVs to levels which do not fit local demand.

Provided by City University London

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