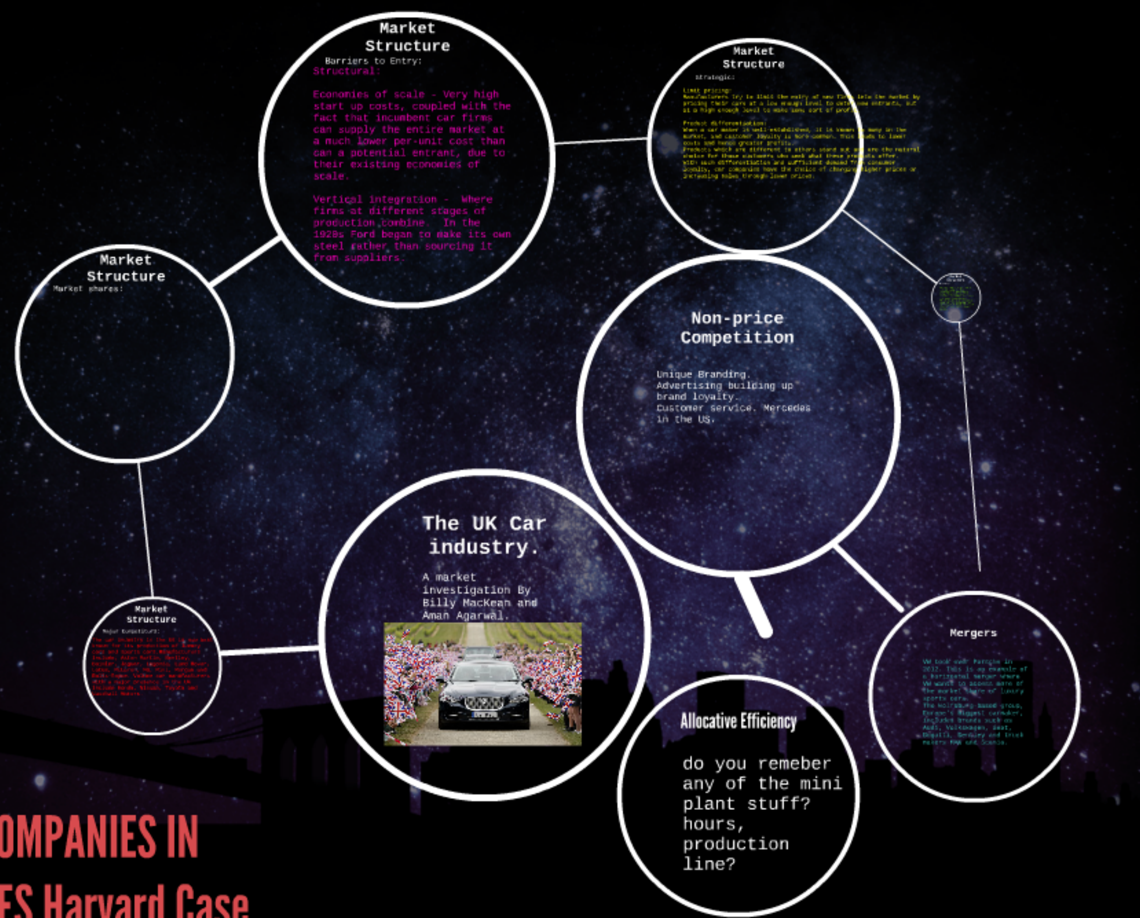
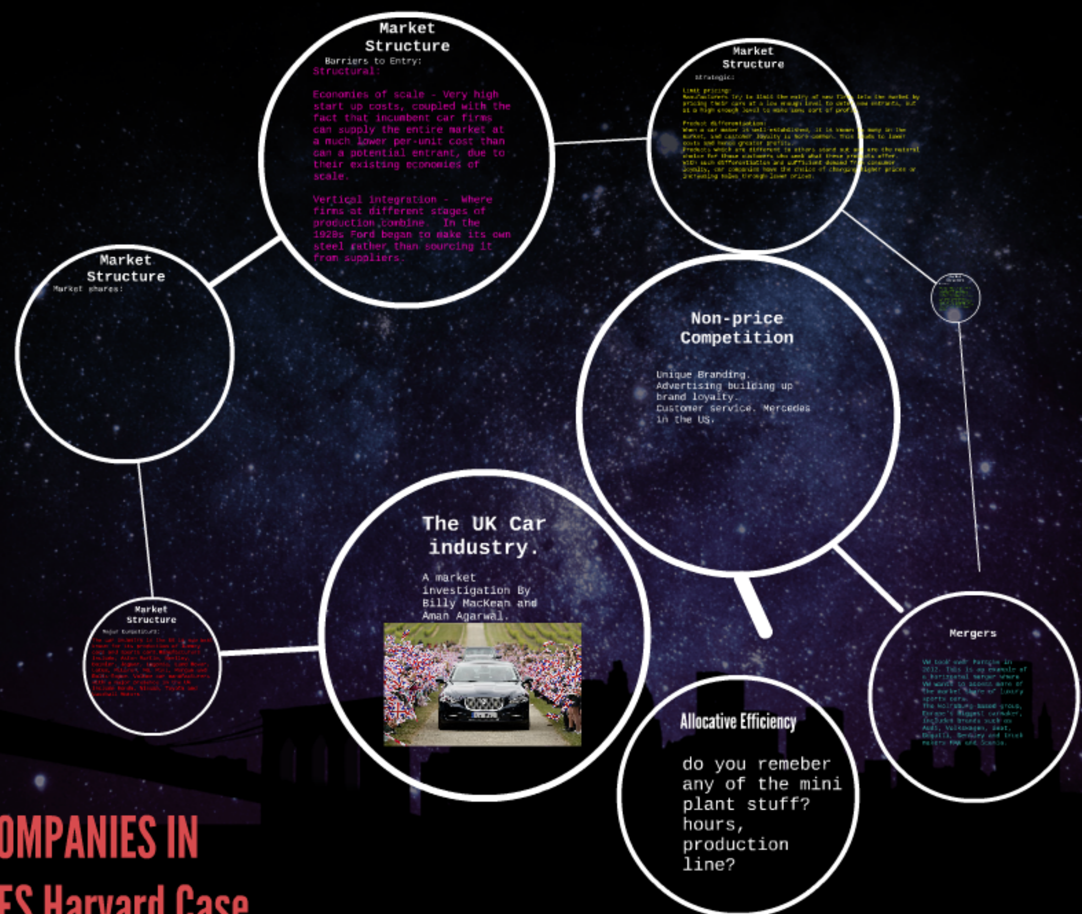


ROLE OF UK BASED AUTOMOTIVE COMPANIES IN DIGITAL DIVIDE & DIGITAL SOCIETIES Harvard Case Solution & Analysis



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TheCaseSolutions.com

The UK Car industry.

A market investigation By Billy MacKean and Aman Agarwal.

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Market Structure

Major Competitors:

The car industry in the UK is now best known for its production of luxury cars and sports cars.Manufacturers include; Aston Martin, Bentley, Daimler, Jaguar, Lagonda, Land Rover, Lotus, McLaren, MG, Mini, Morgan and Rolls-Royce. Volume car manufacturers with a major presence in the UK include Honda, Nissan, Toyota and Vauxhall Motors.

Market Structure

Market shares:

Market Structure

Barriers to Entry:

Structural:

Economies of scale - Very high start up costs, coupled with the fact that incumbent car firms can supply the entire market at a much lower per-unit cost than can a potential entrant, due to their existing economies of scale.

Vertical integration - Where firms at different stages of production combine. In the 1920s Ford began to make its own steel rather than sourcing it from suppliers.

Market Structure

Strategic:

Limit pricing:
Manufacturers try to limit the entry of new firms into the mar pricing their cars at a low enough level to deter new entrants at a high enough level to make some sort of profit.

Product differentiation:
When a car maker is well-established, it is known to many in t market, and customer loyalty is more common. This leads to low costs and hence greater profits.
Products which are different to others stand out and are the n choice for those customers who seek what these products offer. With such differentiation and sufficient demand from consumer loyalty, car companies have the choice of charging higher pric increasing sales through lower prices.

VW took over Porsche in 2012. This is an example of a horizontal merger where VW wants to access more of the market share of luxury sports cars.
The Wolfsburg-based group, Europe's biggest carmaker, includes brands such as Audi, Volkswagen, Seat, Bugatti, Bentley and truck makers MAN and Scania.