

Morgan motor company

[Business](#), [Company](#)



Morgan Motor Company is a British luxury car manufacturer based in Worcestershire, UK. The company specializes in assembling all cars by hand and manufactures a few hundred cars a month. The first section of the essay will critically evaluate the strategic position of Morgan Cars using appropriate models and theories.

The competitive context of Morgan Cars

Morgan Motors competes in a niche market for luxury cars and on a relatively reasonable price range as their cars are made to be environmental friendly and out-competes its rivals in terms of environmental performance. Charles Morgan, MD of Morgan motors stated, “ Other cars are built to price, ours are built to last”.

Porter’s Generic Strategy

According to Porter, a company can be successful if it achieves any one of the generic competitive strategies (Srinivasan, 2008) – cost leadership, differentiation in a broader market or a focus strategy in a narrow market, which help create competitive advantage (Porter, 1985). Morgan motors can be seen as achieving competitive advantage by following a focused differentiation strategy. But its market segment is narrow. The company was always able to fend off any competition with other large car makers due to its unique hand-crafted models. There was no automation of any kind within the automobile plant. This concept shows us that Morgan motors competes on differentiation focus strategy in a narrow market rather than just differentiation in a broad market. Morgan’s competitive strategy can be more elaborated using other strategic concepts. The new insight into

environmental friendly automobiles has given the company a genuine edge in this era, where some researchers are talking about sustainability of automotive industry.

The new concept care, LIFE car - a fuel-celled electric vehicle, will be sporting a new lightweight engine as part of its “ green” package. Such concepts force the competitors to launch similar technologies. Thus, Morgan motors by its unique differentiation strategy keeps out the competition from other automotive companies.

The Strategy Clock

Strategy Clock concept introduced by Cliff Bowman also takes cost and differentiation as its core variables. According the strategic clock, firms can gain a competitive advantage by following a cost advantage or a differentiation advantage and segmented into 8 options. Morgan motors uses the focused differentiation strategy in this case. The cars are manufactured keeping in mind only a particular segment and the company is able to obtain a decent customer loyalty even though the wait time for a car is a couple of years. This shows that they can ask for a premium price as the quality of the products delivered is incomparable to other manufacturers. Customers perceive their brand image, styling and features worthy of a premium price (Thompson, 1993) which gives an edge to Morgan motors as each car is carefully hand-crafted and can be custom made to specifications.

Bowman’s strategy clock helps in assessing Morgan motors competitive strategies as it uses customer’s or market perceived value also to create

strategy. The focus is not just on cost as it is not clearly proven if a change in cost alters market share.

Morgan's have been successful in most past as they occupy the position with high cost, high price and high benefits. The Morgan cars sell at a premium price and their added benefits compared to other cars in its range are the brand image, environmental friendliness and luxury quality. It seems a privilege to own a Morgan car and the company has been able to maintain this brand value for the past few decades. The rarity of owning a Morgan car makes its brand value quite high compared with other car manufacturers. Morgan car has a wait time of a few years which makes the car unique and desirable as a limited edition model and the thought that each car is one of its kinds.

The Ideas of Parnell

Morgan motors presents an interesting case study to understand its success even though it produces only about 700 cars a year whereas Toyota produces 1.1 million in only North America (Anon, 2009). The ideas proposed by Parnell provide further insight into the competitive market of Morgan motors. He argues that a firm can work effectively with strategic factors that are consistent to the industry or market and also with that are unique to individual firms. With respect to Morgan motors, the value dimension of Parnell's idea can be taken to understand the competitive strategy.

Orders are placed even with a wait time of 2 yrs for receiving a finished car. This shows that Morgan motors exhibit great worth to a specific segment of buyers. The company therefore has a high reputation at stake and the future of the company to manufacture a perfect car for the customer. This allows the company to charge a premium rate for their cars and appeal to the sophisticated group of public. The uniqueness of the product is what the customers are willing to pay for.

Using the market control dimension proposed by Parnell, it can be found that Morgan motors base their competitive strategy by making it hard for new players to enter the market by being in the elusive luxury car segment. The entry barriers are high for this segment and hence Morgan has more control over the market with its cars made to perfection when compared to its competitors. The switching cost for a customer is low with respect to their cars given that a substitute product of another brand is readily available.