

Jaguar Cars Ltd - Product Strategy Proposition

Niche vehicle initiative to provide
reduced-risk, strategic access into
'Entry Level' territories

*Inter-breeding the Species
to Create a Small Cat Family
offering
Exhilarating, Intelligent & Responsible Opulence*

Presented by: Turan Ahmed MA Eng(dip)
Presented to: Jaguar Cars - Senior Management
Date: May 200X

Executive Summary

Interesting & credible alternative route-way into sub £20K mainstream territory

**Brand dilution negated via use of 'inter-mediate' marque with historic lineage – 'SS'
Introduce Jaguar name at later date when initiative has convinced consumers**

**Provides alternative Jaguar persona / 'look & feel' for possible adoption on other
current or new model-lines (from SuperCars [XF10] to SUVs).**

**Based upon 2 recent 'cult' personal cars – Ford Ka & Puma
Models developed as 'up-scale spiritual successors' satisfying buyer desires**

**Pragmatic yet creative design philosophy to maximise 'hi-tech' materials image
Delivered to provide an 'effortless performance' GT experience in a city car**

**Extends the return on investment value of platform tooling
Utilises FMC group parts-bin
Nurtures engineering integration between Jaguar & Ford
Opportunity to develop niche vehicle mentality and capabilities**

**Exercise communicated as 'internal design exercise to honour Jaguar's origins' &
'exploratory concepts too good not to bring to life!'"**

**Volume Run of 3000 units per vehicle = 6000 units total.
Car #1 priced at £13,500 and Car #2 priced at £18,000
Providing revenue of (£40.5m + £54m) = £94.5m
Allows £30 million engineering & production investment**

Contents

1.0	Background & Challenge	6.0	Engineering <i>the Brand</i>
2.0	Concept 'Drivers'		Brand Signature & Application
	Corporate Strategy		Specifications & Performance
	Heritage		Component Engineering Summary
	Competitors	7.0	Production
	Product		Niche Build – In-House vs Contracted
	Design	8.0	Marketing & Sales
	Brand		Target Customers, Message / Info
	Consumers		Sales Channels, Pricing & Volumes
3.0	Product & Design Strategy	9.0	Business Case
	Product Logic		
	Design Logic		
4.0	Concepts	10.0	Strategic Issues
	A. Ka derived Practical Coupe		
	B. Puma derived Style Coupe		
5.0	Vehicle Outline		
	Competitor Vehicles / Prime USPs		
	Product Pyramid / Values / Identity /		
	Style Features		

1.0 Background & Challenge

Jaguar viewed as the vanguard of business & brand development within PAG.
Seeks to maintain increased revenues thru' broader product portfolio –
via mainstream and niche models.

Ongoing examination of how to develop into the future:

Consistently explores the possibilities for credibly introducing additional vehicle types

Investigating aesthetic alternatives to progress brand personality (& balance retro persona)

Seeking to attract non-traditional buyer-types (younger/female) for 'through life loyalty'

Continue, and better, the achievements of X-Type.

Assessing German's (BMW, Merc, Audi) product & brands strategies –

Follow German's in emerging premium compact luxury segments of:

Premium Lower Medium (1 series) & Premium City cars (Merc A-Class, Audi A2 & probable A1)

Method – observe competitor best practice

maximise synergies with PAG and Ford

Release in-house creativity.

Advanced Concept Studio set-up to “push the envelope” of vehicle possibilities

CHALLENGE:

A considered new 'Entry Level' vehicle proposition which demonstrates credible Product, Style, Engineering, Brand, Marketing / Consumer Positioning & Production routes.

2.0 Concept 'Drivers'

Corporate Strategy

*Efficient exploitation of FMC resources –
Inc. Cross Brand Platform Sharing
Low Cost, Exploratory Icon Cars
Attack & Hold New Market Segments in
Creative Manner
Fight Germans on New Territory.*

Heritage

*Need for Links (as Spiritual Successors) to
Yesteryear Car(s)
Maintain Lyons' Progressive Ethos
Respect & Develop (Historical) Core Values
Nurture Lineage (Grace, Pace & Space)*

Competitors

*German Brands are aware and capable
Exploitation Initiatives from BMW/Audi/Porsche
BMW benchmark for Product Extension &
Brand Re-Invention*

Product

*Provide All-New Product Offering to Public
Premium, Intelligent, Charismatic, Smaller
'Personal' Cars (Size does not equal Price)
Out-Class Mini's Cartoon Character
Require Powerful Idiosyncratic Character
(=> A Class or A2) (Eco – Responsible)
Captures Spirit of New Age Jaguar
Optimum Use of New Materials & Technology
Benchmark R&H, NVH & Performance*

Consumers

*Need to Re-Present Jaguar as Progressive
Attract New, Younger & Female Buyers
Grow a True New Jag-Generation Following*

Brand

*Offer a 'Emotional' British Marque Alternative
"The Art of Performance"*

Design

*Re-Interpretation of Classic Jag Animalism
Compact Package / Friendly Yet Potent*

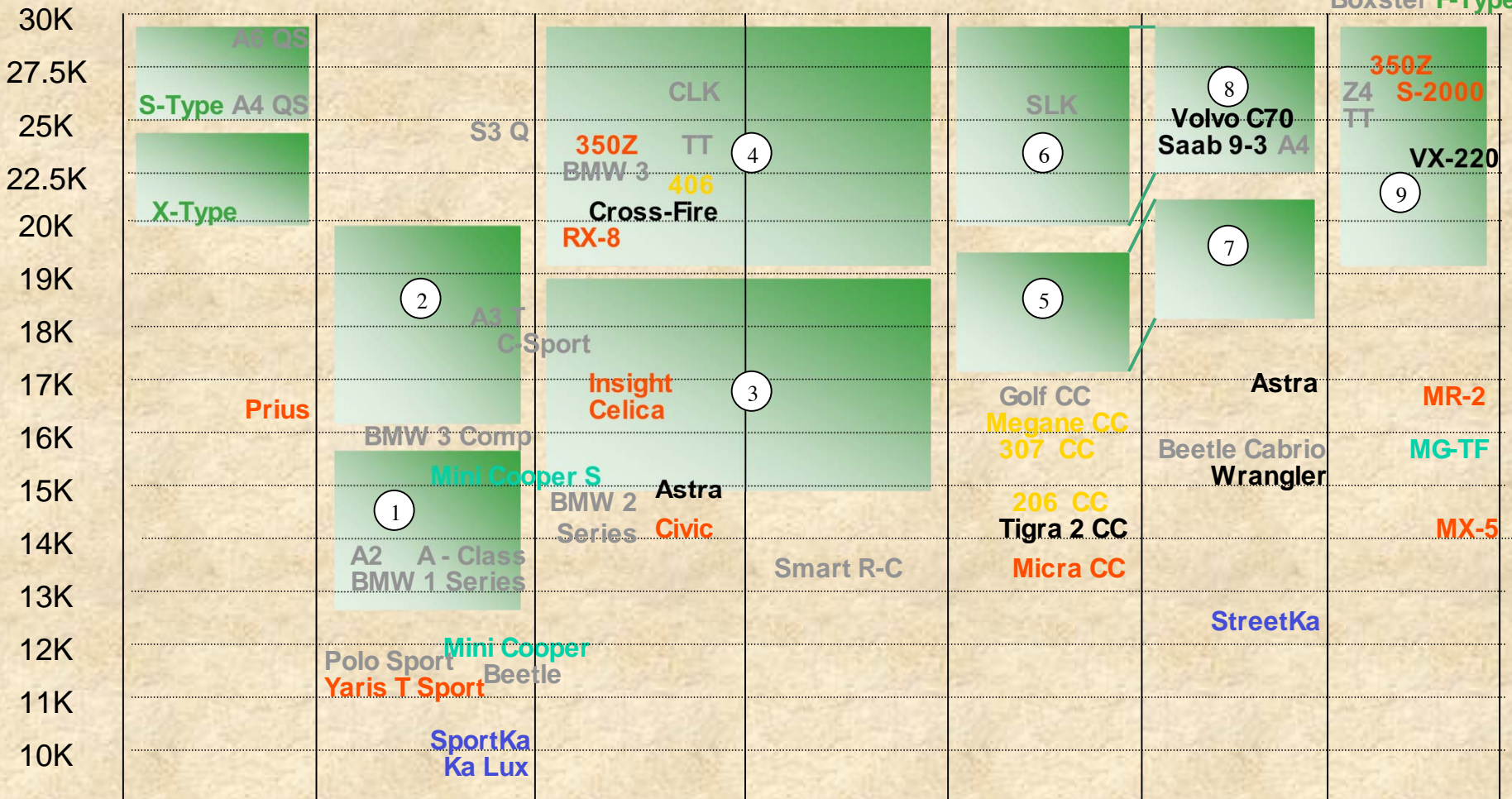
3.0 Product & Design Strategy

3.1 Product Logic

OverView of 'Personal' Car Market – Opportunity Models / Variants



Boxster F-Type



← HIGH PRACTICALITY

PRACTICALITY

→ LOW PRACTICALITY

3.1 Product Logic

Vehicle Options 2, 4, 5, 6, 7, 8 & 9 probably under current evaluation using present & future PAG & Ford platforms including possible niche RWD platforms

- 1 = 'B' Segment GST Platform
- 2 & 3 = 'C' Segment GST Platform
- 4 = 'C/D' Segment GST.....X-Type Coupe or All-New Model (twin to C60 Coupe)
- 5 & 7 = 'C' Segment GST.....X-Type Cabrio or All-New Model (twin to C40 CC or Cabrio)
- 6 & 8 = 'C/D' Segment GST.....via (twin to C60 Cabrio)
- 9 = Sports GST.....Junior F-Type or All New Model (twin to

The following centres on an alternative approach for Vehicles 1 & 3 –

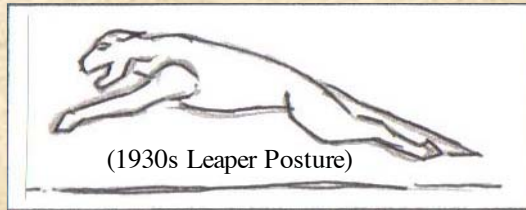
It presents a low-cost, old-generation vehicles re-engineering route:

- a) Maximising the return on (previously amortised) parts & tooling investment.**
- b) Extending and exploiting the cult status of both elected vehicles.**
- c) Allowing for experimental vehicles to test / lead this hi-potential market**
- d) Allowing a strategically important, credible half-step into Premium City Cars**

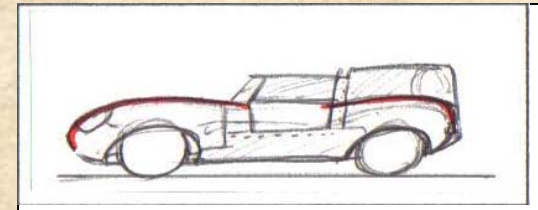
3.2 Design Logic

From Leaping to Crouching Cat

Traditional inspiration and accordant design cues used have been drawn from the Leaping Cat – outstretched limbs for and aft - reflected in elongated ‘fluid’ front and rear wings (esp. prevalent from D-Type to new XJ).

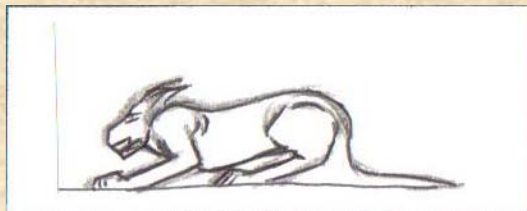


Attacking Leap

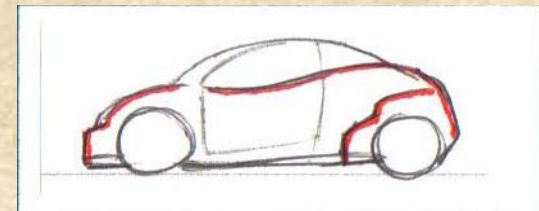


Whilst applicable and accordant with the packaging & form of larger/longer traditional cars, this ‘design template’ is not best suited to a package efficient, new identity orientated small car.

Instead inspiration is taken from the feline imagery of the animal in stealth mode, in the crouched position.



Stealth Crouch



This conjures the image of a readiness to attack (in the urban jungle) and projects the idea of ‘potential for power’.

Key features used are: curvature of back - waistline

limbs & claws – front wings & rear quarters + detailing

protected face – wings wrap-around recessed front

4.0 Proposed Concepts

Inspiration

Drawn from the origins of Jaguar when William Lyons created the SS Austin Seven. Developing a generic vehicle into something upscale & unique.



Ethos

"The car is the closest thing we will ever create to something that is alive"

William Lyons

"t's that notion, of the car being alive, which we will use to define Jaguar from today onwards,"

George Ayres (US VP of Marketing).

4.0 Proposed Concepts

4.1 Overview

An inter-related proposal for a pair of twin Jaguar ‘cubs’. Introduced as SVO specials to ‘test & tease’ the marketplace. These ‘experimental boutique cars’ re-interpret Jaguar values within a modern-day context with spiritual links to previous cars & offer **Responsible, Intelligent, Opulence**.

A. Ka derived Practical Coupe – the SS

“Ka Morphs into Kat”

A modern-day homage to Lyon’s 1st carthe Austin Swallow Seven.

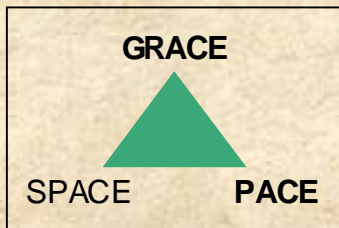
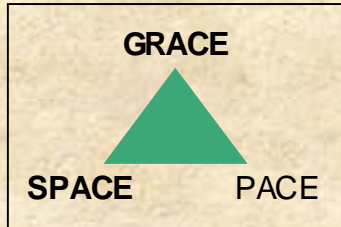
- *Convincing upscale adaption of a proprietry vehicle.*
- *All areas considered in detail...not just a paint & trim job*
- *Grace & Space emphasised via Seamless CVT & Intelligent Stowage*
- *the chic urban hold-all*

B. Puma derived Style Coupe – the SSK

“Puma Morphs into Jaguar”

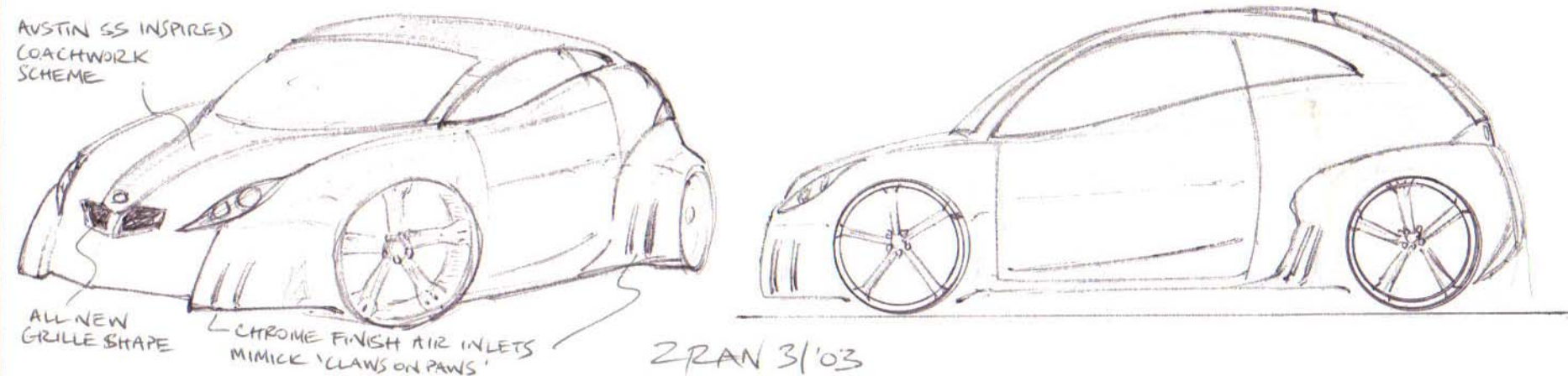
A logical development & re-interpretation of a modern classic.

- *Injecting greater visual/sensory & technical sophistication*
- *‘K’ denominates the sporting character and Jaguar brand-link*
- *Grace & Pace emphasised via Trim, NVH, Tip-tronic & ECU Re-Calibration*
- *Utilise parts from Std & Racing Pumas*
- *the No1 ‘Coupe de Ville’*

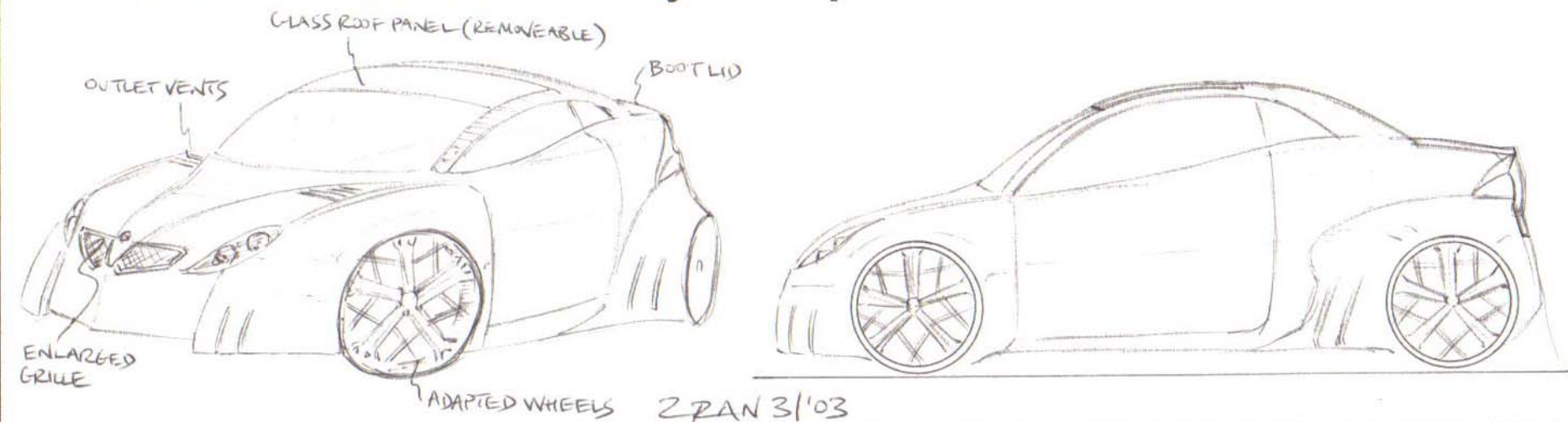


4.2 Sketches

A. Ka derived Practical Coupe – the SS



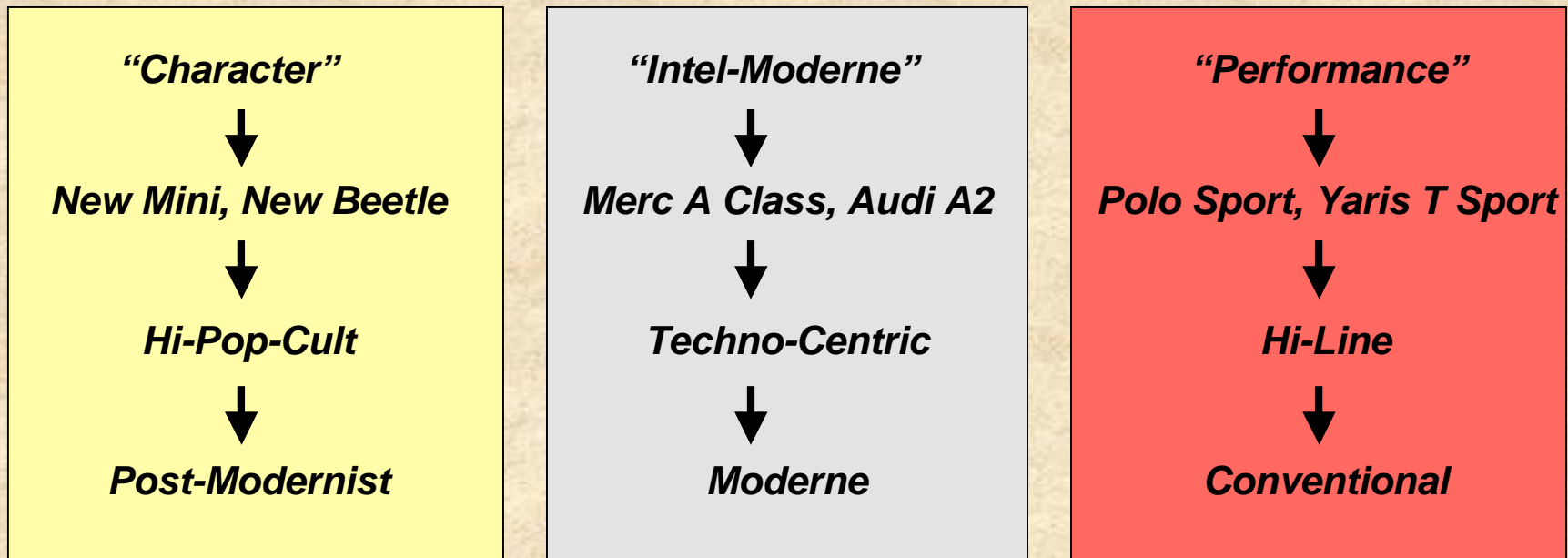
B. Puma derived Style Coupe – the SSK



5.0 Vehicle Propositions

5.1 Competitor Vehicles

Premium City Car segment vehicles can be generally categorised as:

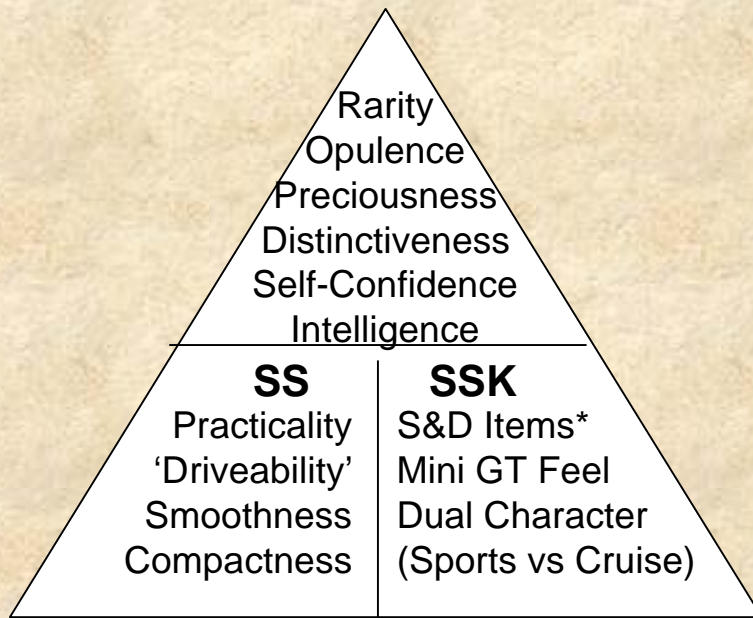


5.2 Unique Sales Proposition

SS & SSK would incorporate the critical-success-factors from each genre

- | | |
|--------------|---|
| Character | - Combine Ka & Puma forms with Jaguar "look & feel" |
| Intel-Modern | - Use of advanced materials (alloys & composites) |
| Performance | - Lightweight construction & 'on-demand' performance aids |

5.3 Product Pyramid



* *Surprise & Delight Features - tbc*

5.4 Product Values

Core Values:

Exhilarating.....performance via reduced mass
Intelligence.....hi-functionality via practical solutions
Responsibility..reduced CO2, acceptable status
Opulence.....experientially rewarding

Distinction thru' applied logic (true design)

Secondary Values:

British Sense of Style - Tasteful / Subtle
Crafted for the Connoisseur
High Aesthetic & Sensory Experience
Art (form) of Performance (technology)

Tertiary Values:

Formality cloaking Sensuality
A slice of Lavish London Lifestyle
Self-Indulgence / Rewarding

5.5 Product Identity

Personal enabler, satisfier and accessory, able to provide 'internal satisfaction' and 'external respect'.

Valued by Jaguar loyalists and discerning Small Car buyers for authentic, historic roots and progressive, modern ethos.

Cherished as auto-equivalent of:

Female - couture handbag, shoes, mobile phone

Male - PDA (Personal Dig Asst), mobile phone.

5.6 Product Style Features

Less is More / Design Logic /
High Quality Materials

Exterior – 1 colour but 2-tone paint
select chrome brightwork
select aluminium panels

Under Bonnet - carbon-fibre structures
armature & X-brace

Interior - aluminium / C-F / leather

6.0 Engineering *the Brand*

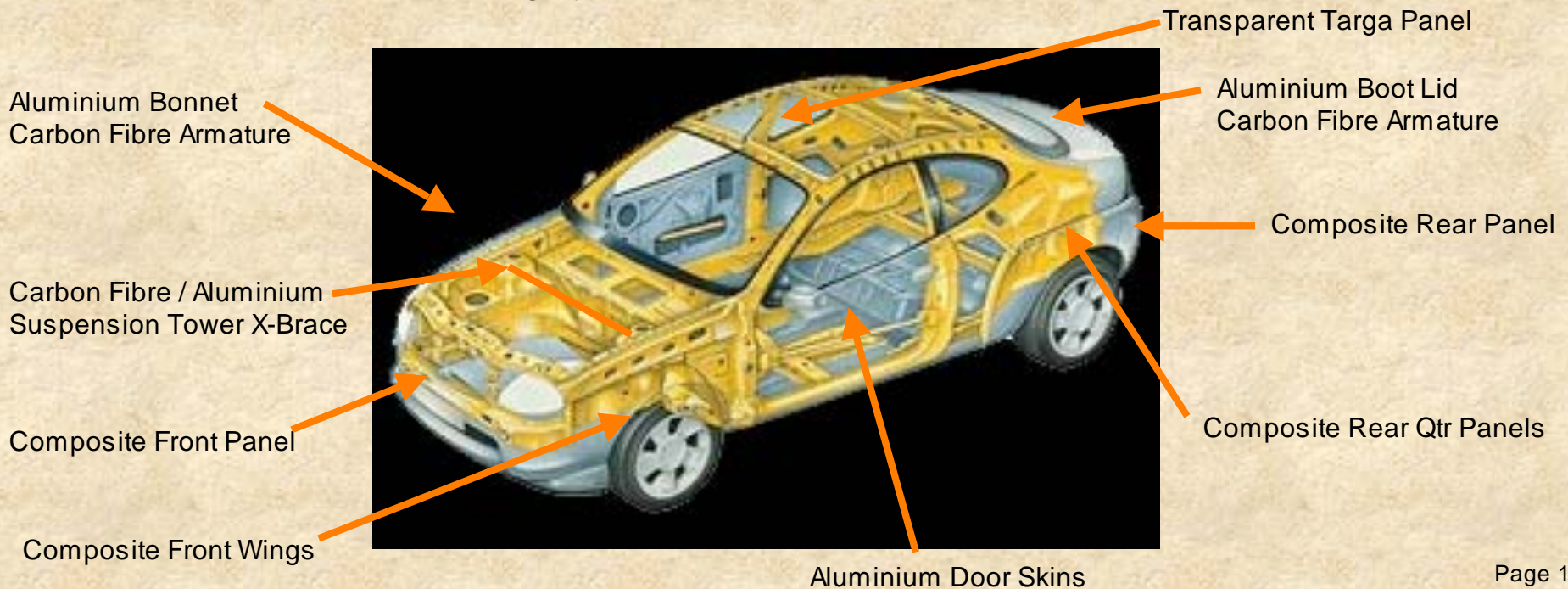
6.1 Brand Signature

Advanced materials becoming critical to Jaguar's contemporary image. Use of lightweight aluminium and composites to reduce weight, increase vehicle performance, aid fuel economy / emissions and provide visual differentiation.

Core BIW, Powertrain, Chassis and Electrical systems retained.

Primary engineering focus on Exterior Skin Panels and Interior Trim

With newly designed additional BIW bracing incorporated where necessary to maintain BIW integrity and crash compliance.



6.2 Technical Specifications & Performance

Vehicle Item	SS (developed from SportKa)	SS (developed from std 1.7L Puma)	SSK (developed from Racing Puma)
Body	pressed steel monocoque substructure composite/ally part-stressed skin panels composite/ally bracing items	as opposite	as opposite
Engine	1.4 SE Zetec VCT	1679cc SE Zetec VCT 123 bhp @ 6300 rpm 115 lb.ft @ 4500 rpm	1679cc SE Zetec VCT 153 bhp @ 7000rpm 162 lb.ft @ 4500rpm
Gearbox	Puma IB5 adapted for tip-tronic & auto	Puma IB5 adapted for tip-tronic & auto	Puma IB5 adapted for tip-tronic & auto
Ratios / mph per 1000rpm	as SportKa	as Puma	
1st	as SportKa	as Puma	3.15 / 5.3
2nd	as SportKa	as Puma	1.93 / 8.6
3rd	as SportKa	as Puma	1.41 / 11.8
4th	as SportKa	as Puma	1.11 / 15.0
5th	as SportKa	as Puma	0.88 / 18.9
Final Drive	as SportKa	3.82	4.25
Suspension			
Front	Ind McPh strut + std coil springs	Ind McPh strut + std coil springs	Ind McPh strut + uprated off-set coil springs
Rear	Torsion beam + std coil springs Front Anti-Roll Bar	Semi-Ind twist beam + std coil springs Both with Anti-Roll Bar	Semi-Ind twist beam + uprated coil & spacers Both with Anti-Roll Bars
Steering			
Type	Power-assisted variable rate rack & pinion	Power-assisted variable rate rack & pinion	Power-assisted variable rate rack & pinion
Ratio	3.1 lock to lock	2.9 lock to lock	2.7 lock to lock
Brakes (Anti-Lock)			
Front	as SportKa	240mm discs (vented)	Alcon 4-pot calipers + 295mm discs (vented)
Rear	as SportKa	180mm drums	Alcon 2-pot calipers + 270mm discs
Wheels	6Jx16" New cast alloy (base spec)	6Jx16" New cast alloy (high spec) + trim	7Jx17" New cast alloy (high spec) + trim
Tyres	185/50 VR16 P6000	195/50 VR16 P6000	215/40 VR 17 Pirelli P7000
Seats			
Front	Std Puma Seat (leather trimmed)	Sparco Race (leather trimmed)	Sparco Race (leather trimmed)
Rear	None ('dickey' seat available)	None	None
Kerb Weight (Kg)	890 (target) or better	1000 (target) or better	1050 (target) or better
Weight Distribution	better than SportKa	better than Puma	55:45:00
Dimensions			
Length	3620	3985	3901
Width	1360	as Puma	as Racing Puma
Height	1830	as Puma	
Track Front / Rear	as SportKa	as Puma	1520 / 1501
Wheelbase	2446	as Puma	2446
Front O/H	tbc	as Puma	805
Rear O/H	tbc	as Puma	740
Maximum Speeds	110 mph (est)	125mph (est)	130 mph (est)
Acceleration			equivalent to Racing Puma
0-30mph	better than SportKa	better than Puma	2.5 secs (est)
0-60	10 secs (est)	8.8 secs (est)	7.4 secs (est)
0-100	better than SportKa	better than Puma	21.8 secs (est)

6.3 Component Engineering

No-Change Items

No-Change Items			
Part Title	SS	SSK	Both
Floor			<input type="checkbox"/>
Roof	<input type="checkbox"/>		
Monoside(s)			<input type="checkbox"/>
Front Bulkhead			<input type="checkbox"/>
Longerons			<input type="checkbox"/>
Inner Fitch Panels			<input type="checkbox"/>
Engine Subframe			<input type="checkbox"/>
Door Frame & Inner			<input type="checkbox"/>
Boot Floor			<input type="checkbox"/>
Rear Inner Panel	<input type="checkbox"/>		

New Items

New Items				Material
Part Title	SS	SSK	Both	
Bonnet			<input type="checkbox"/>	Aluminium
Bonnet Inner			<input type="checkbox"/>	Carbon Fibre
Bonnet Vent Trim		<input type="checkbox"/>		ABS
Suspension Tower X-Brace		<input type="checkbox"/>		Carbon Fibre
Front Skin Panel			<input type="checkbox"/>	Composite tbc
Grille (Small)	<input type="checkbox"/>			ABS
Grille (Large)		<input type="checkbox"/>		ABS
Front Wings / Fenders			<input type="checkbox"/>	Composite tbc
Door Skin			<input type="checkbox"/>	Aluminium
Rear Quarter Panel			<input type="checkbox"/>	Composite tbc
Rear Boot Lid		<input type="checkbox"/>		Composite tbc
Rear Screen		<input type="checkbox"/>		Plexiglass
Rear Valance Skin Panel			<input type="checkbox"/>	Composite tbc
Wheels (> offset) & Tyres			<input type="checkbox"/>	Aluminium
Interior Trim (All - Soft & Hard))			<input type="checkbox"/>	Leather
Dashboard Outer			<input type="checkbox"/>	ABS / Leather
Glazed Roof Panel		<input type="checkbox"/>		Plexiglass
Exterior Trim Items			<input type="checkbox"/>	Aluminium

Adapted Items

Adapted Items			
Part Title	SS	SSK	Both
Roof		<input type="checkbox"/>	
Engine Harware & Calibration			<input type="checkbox"/>
Exhaust System			<input type="checkbox"/>
Steering Rack (ratio bar)			<input type="checkbox"/>
Front Lamps (Housing & Lens from Puma Rear)			<input type="checkbox"/>
Rear Lamps (Puma Items - Adapted)			<input type="checkbox"/>
Front Inner Panel			<input type="checkbox"/>
Front Bumper Armature			<input type="checkbox"/>
Rear Inner Panel		<input type="checkbox"/>	
Rear Bumper Armature			<input type="checkbox"/>
Glazing (Tint)			<input type="checkbox"/>
Rear Inner Panel		<input type="checkbox"/>	
Rear Hatch	<input type="checkbox"/>		
Front Seats			<input type="checkbox"/>
Rear Seats		<input type="checkbox"/>	
Electrical Architecture			<input type="checkbox"/>

Parts-Bin Items

Parts Bin Items			
Part Title	SS	SSK	Both
Brakes (Callipers & Discs)			<input type="checkbox"/>
Suspension (Springs & Dampers)			<input type="checkbox"/>
Switchgear & Gauges (from Jag & Mazda)			<input type="checkbox"/>

7.0 Production

7.1 In - House

- Utilising SVO fabrication & build facilities at current sites (Browns Lane, Solihull etc)
- Possible creation of specialist cross PAG / FMC niche vehicle development & production facility.
- Linked construction of niche/flexible build-line at Gaydon (planning approval obtained?)

7.2 Contracted - Out

- Obvious use of external ltd series production companies (Lotus, Bertone, Pininfarina, etc)
- Important 'home-grown' British reputation maintained with UK design & build.
- Use of possible extra capacity at FMC linked specialist companies (eg AC Cars)

8.0 Marketing & Sales

8.1 Marketing

- 'SS' prime identity supported by secondary 'Jaguar' logo / moniker / nameplate
- Core message : Initiative generated to respectfully 'echo' Lyons original efforts.
- Controlled advertising, showcasing and sales.
- Stealth marketing methods, via dealer's word of mouth – “all very hush, hush”
- Periodic information leaks from factory (renderings, prototypes etc) – “for your ears only”
- Luxurious ltd edition sales literature produced (inc background, full story, swatches)
- Purchase option given to preferred XJ, S-Type & XK8 customers only.
- Presented as new, additional choice 2nd/3rd personal cars.
- Primary users to be wives, girlfriends, children.
- Affords select entry into the 'Jaguar Club'
- Provides for brand continuity on the domestic driveway
- Option for dual purchase vehicle (eg XJ & SSK) colour-matching

8.2 Sales

- Distribution limited to strategically important regions with good current foothold:
(UK, Germany, Italy, France, Japan)
- Allocated dealers with suitable high-image locations to tap into the 'latent demand'
(Metropolitan commercial centres & trendy districts, affluent suburbs & select others).
- Ideally sold via 'solus' dealers, otherwise non-conflicting competitor brands or products

- Volume Run of 3000 units per vehicle = 6000 units total
- SS priced at £13,500 and SSK priced at £18,000
- Providing revenue of (£40.5m + £54m) = £94.5m

9.0 Business Case

9.1 Estimated Financial Overview*

NB – Costs underlined are substantially affected by platform/component commonality

Net Revenue = Retail Price - (VAT + Dealer Margin) [VAT @15% & Dealer Margin @ 10%]
 Net Net Revenue = Net Revenue – Variable Marketing Costs
 Contribution = Net Net Revenue – (Material Costs, Warranty Costs, Labour Costs, Other Costs, Overheads)

Vol Contribution = Contribution (per unit) x Volume

Net Cash Flow = Vol Contribution – (Manu Fixed Costs, Mktg Fixed Costs, Product Eng., Prod. CapEx, Annuity)

<p>SS Gross Revenue = Price £13,500 x 3000 units = £40,500,000</p> <hr/> <p>Net Revenue = 13,500 – (2,025 + 1,350) = 10,125</p> <p>Net Net Rev = 10,125 – 200 = 9,925</p> <p>Contribution = 9,925 – (4000+300+2000+200+100) = 9,925 – 6,600 = 3,325</p> <p>Vol Contrib = 3,325 x 3000 = 9,975,000</p>	<p>SSK Gross Revenue = Price £18,000 x 3000 units = £54,000,000</p> <hr/> <p>Net Revenue = 18,000 – (2,700 + 1,800) = 13,500</p> <p>Net Net Rev = 13,500 – 200 = 13,300</p> <p>Contribution = 13,300 – (4000+400+2000+200+100) = 13,300 – 6,700 = 6,600</p> <p>Vol Contrib = 6,600 x 3000 = 19,800,000</p>
--	---

Dual Programme Vol Contribution = 9,975,000 + 19,800,000 = **£29,775,000.....(£30 million)**

Question: Can £30m cover Engineering Programme & Tooling Investment, Manuf Costs, Mktg Costs & Annuity ?

10.0 Strategic Issues

10.1 Business Case

Objective : Break-Even to 10% IRR, given strategic nature of initiative

10.2 Brand Identity

Objective : Maintain perceptive proximity but commercial distance to Jaguar nameplate
e.g. “ *SS by Jaguar* “

Identify possible alternative moniker for SSK (given historic Merc link)

- SSE? (reflecting E-Type)
- Gentlemen’s agreement with Mercedes?

10.3 Engineering Resource

Objective : Minimise negative impact on mainstream programmes
- outsourcing to FMC divisions or Eng. Services (eg MSX)

10.4 Life-Cycle Plan

Objective : Optimum launch time to benefit market conditions and internal capability

10.5 Purchasing, Logistics & Production

Objective : Extend supplier agreements where necessary at discounted rates.
Test new supplier companies.
Offer ‘Hand-built Production Showcase Experience’ to clients