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COMMERCE

Aston Martin gains creative flexibility with Daimler partnership

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Aston Martin V12 Vantage S, Vanquish Volante

By JOE MCCARTHY

British automaker Aston Martin is fine-tuning an agreement with Daimler AG for the supply of engines and electronic components that will boost the financial efficiency of both companies.

Aston Martin aims to sharpen its competitive edge with a reliable source for components, while Daimler will gain a stake in the brand's operations to cut overall costs. Although the partnership seems to be a peculiar alliance between industry rivals, it presents new opportunities for growth for all parties involved.

"We'll benefit from an increase in volume and we will have an optimization of our purchasing process," said Han Tjan, head of corporate communications for North America at Daimler, New York.

"On the other hand, Aston Martin will benefit from the lower costs they get from our suppliers," he said.

Daimler's divisions include Mercedes-Benz, Mercedes-AMG, Daimler trucks, Mercedes-Benz vans, Daimler buses and Daimler Financial Services.

Helping hand

The proposed deal will grant Aston Martin access to substantial Mercedes-AMG and Mercedes-Benz Cars' resources such as V8 powertrain engines. The use of electric/electronic architecture is also a crucial aspect of the deal.

Details still have to be finalized and the partnership may undergo assessment by regulatory institutions.

Aston Martin plans to vault a new generation of sports cars with its Daimler-enabled capacities. The V8 powertrain engines, for example, will be a focus of bespoke developments.

Aston Martin CC100 model

Aston Martin already sources technology from global suppliers such as Ford and Toyota, so teaming up with Mercedes-Benz does not necessarily compromise the brand.

Mercedes-Benz SLS AMG coup black series

The deal with Daimler manifested after Aston Martin decided to abate its dependence on Ford, Financial Times reports.

Aston Martin will continue to manufacture all of its sports cars at its Gaydon headquarters in Warwickshire, England. Engineers from both companies will work together to optimize implementation of the technology.

This partnership will likely help the automakers compete with rivals, which include Jaguar Land Rover and Bentley.

Locking the gate
Intra-industry partnerships can have major implications for competitors.

LVMH Mot Hennessy Louis Vuitton's $2.6 billion deal for 80 percent control of Italian cashmere giant Loro Piana will give the French luxury conglomerate an iron lock on the entire supply chain.

The Paris-based company's sustained march toward luxury supremacy may not darken the overall manufacturing landscape, although its appetite for family-owned brands and sources of raw material is undiminished. With this deal, coming two years after its purchase of Italian jeweler Bulgari, LVMH gains a growing brand to fortify its global aspirations, while Loro Piana may benefit from LVMH's business expertise as an ongoing family-steered operation (see story).

Similarly, together Harry Winston Inc. and Swatch Group Ltd. are likely to benefit from combining their manufacturing practices and diamond expertise with the $750 million acquisition, experts say.

Swatch Group will get a boost from the purchase of Harry Winston Diamond Corp.'s luxury jewelry and timepiece division and, at the same time, the diamond brand's reputation will be upheld. Moreover, Swatch will also assume up to $250 million in debt from Harry Winston (see story).

Hunting for partnerships such as this may help the automaker enter its 2nd century with a fresh purpose.

"I think it's a win-win situation for both of us," said Mr. Tjan.

Final Take
Joe McCarthy, editorial assistant on Luxury Daily, New York