

Research on Competitive Strategy of G Automobile Company based on SWOT Analysis

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Abstract: Since the end of 2019, a new coronavirus epidemic has swept the world, and has had a certain degree of impact on the economies of countries around the world. In the post-epidemic period, the domestic and international environment faced by enterprises has undergone major changes, and enterprises should make timely strategic adjustments in order to adapt to changes in the external environment and improve their competitiveness. The automobile industry is a pillar industry of a country's economy, and G Automobile Company is a leader in China's independent automobile brands. Based on SWOT analysis method, this paper analyzes the internal and external environment of G Automobile Company, summarizes four competitive factors, namely opportunities, threats, strengths and weaknesses, facing G Automobile company at the present stage, and puts forward the company's development strategy plan: starting from car products, gradually enrich MPV, SUV and other series and luxury brand passenger cars; Traditional fuel vehicles and new energy vehicles develop simultaneously, and constantly improve the brand image; On the basis of the existing strategy, continue to implement the strategy of industrial merger and cooperation, enter the international platform, obtain the relevant core technologies in the industry, and establish their own competitive advantages; At the same time to adopt and strengthen the export marketing strategy, while increasing the investment in advertising, improve brand awareness, so as to further improve the core competitiveness of enterprises.

Keywords: SWOT analysis, Development strategy planning, Competitive power.

1. Introduction

Since the reform and opening up in the last century, China's automobile industry has been developing rapidly. However, in recent years, China's economy has entered the "new normal", and the slowdown of economic growth has led to the flagging demand of the automobile market, coupled with the sudden impact of the new coronavirus epidemic, which is undoubtedly a huge challenge for G Automobile company, which has only entered the industry for more than 20 years. G Automobile Company was established in the 1980s, since entering the automobile industry, decades of development has become China's largest private car enterprises. In 1998, its first car "G1" came off the production line. According to the data of China Association of Automobile Manufacturers, the annual sales of G Automobile company from 2014 to 2020 increased successively and reached the highest value in 2018, and then decreased year by year. In the past seven years, the total output was greater than the total sales, and the inventory was overstocked with more than 6,000 vehicles. From January to December 2020, the cumulative production of G Automobile company was 467,682 vehicles, down 15.91% year-on-year, and the cumulative sales volume was 472,538 vehicles, down 13.07% year-on-year, and the cumulative production and sales rate was 101.04%. Under the unfavorable environment of the automobile industry, how to make a good development strategic plan plays a crucial role in the survival and development of the enterprise. Based on this, this study uses SWOT method to analyze the development strategic plan of G Automobile Company.

2. Internal Environment Analysis

2.1. Advantages of internal environment (S)

(1) National policy and government support. G Automobile Company has been rated as one of the world's top 500

enterprises by Fortune magazine for many years, and its subsidiaries are all over the country, solving a large number of employment problems for our country, and contributing large amounts of tax revenue. The company has been highly concerned and valued by the state, provincial and municipal governments, and has formulated special support policies, and the company can obtain more financing capacity through local governments, banks, shareholders and other ways.

(2) Strong automotive R & D and production capacity. G Company acquired several famous foreign companies related to the automobile industry and absorbed the resources, knowledge and technology of the acquired companies. G Automobile Company will invest 20.73 billion yuan in research and development in 2020, ranking in the forefront of Chinese brand car enterprises. At present, G Automobile Company has many research and development centers at home and abroad; In the design centers and teams located in Shanghai, Barcelona, Gothenburg and California, its R & D personnel even more than 10,000 people, the global multi-point layout of the R & D system, and also has many advanced manufacturing experimental bases at home and abroad.

(3) Marketing advantage. In the aspect of marketing strategy, G company has been taking the low-price strategy, coupled with the image of "domestic brand", its market competitiveness is quite considerable; In addition, it also actively develops the international market. As a leader in domestic cars, G Auto has exported its products to more than 40 countries such as Iraq, Iran, Russia, Myanmar, Vietnam and Laos

(4) Price advantage. Although the competitive advantages of G Automobile company in terms of brand awareness and technology maturity are not sufficient at present, it has begun to implement corresponding low-price promotion strategies to improve its competitiveness, take the people-oriented route, and seize the middle and low-end market.

2.2. Disadvantages of internal environment

(W)

(1) The company entered the line late. Since G Automobile Company officially entered the automobile industry, its first product came off the production line in 1998, and the brand started late. Its brand awareness, influence, trust and other aspects are relatively weak, and its brand positioning has been basically adjusted with low price cars as the entry point, that is, it is mainly economy cars.

(2) Low economies of scale. Compared with automobile enterprises in foreign developed countries (such as Toyota, General Motors, Ford and Volkswagen, etc.), China's automobile enterprises are relatively severe local protectionism, resulting in a very limited scale advantage. General Motors, Toyota and other international large car companies are mostly in the global market for the integration of resources, while the export of Chinese auto related enterprises is still limited, and at present is still mainly in the domestic market.

(3) In the new energy, especially batteries and other technologies are still relatively backward. Compared with the United States, Japan and other developed countries, although China's technology start in new energy vehicles is not particularly late, new energy vehicles in addition to power and transmission system different from the traditional automobile, body, interior, electrical appliances, wheels, safety and so on are still dependent on the traditional automotive technology. However, China's traditional automobile technology is far from the technology of developed countries, all of which will directly affect the development of China's new energy vehicle technology. In addition, China's battery technology, motor technology and vehicle control technology is not advanced international level. Therefore, China's automobile enterprises should always pay attention to the relevant national new energy policies, and formulate their own new energy strategies on this basis.

3. External Environment Analysis

3.1. Opportunities in the external environment

(O)

(1) The epidemic stimulates the growth of demand for civilian vehicles. In recent years, the main way of transmission of the novel coronavirus is droplets transmitted by contact in public places. As people's health awareness increases, people will avoid taking public transportation as much as possible and choose to drive private cars, which increases the demand for civilian cars to some extent.

(2) There is great potential for exploitation of used cars. With the continuous rapid development of the automobile industry and the improvement of people's living standards year by year, China has entered the ranks of the world's automobile production and consumption powers. Data show that at present, China's car ownership has reached 217 million, and the used car market has huge potential. According to statistics, in 2017, the country's 1,068 used car trading markets accumulated a total of 12,40.09 million used cars, an increase of 19.33%, and the transaction amount reached 809.272 billion yuan, an increase of 34%. In December, 1.23 million used cars were traded, up 13.85% year-on-year, and the transaction value reached 74.683 billion yuan, up 11.04% year-on-year. In foreign countries, the transaction volume of used cars is generally 2-2.5 times that of new cars, while the

transaction volume of used cars in China is only 1/3 of new car sales, so the used car market has huge potential for development.

(3) Intensive introduction of new energy encouragement policies, focusing on promoting consumption. Since China put forward the strategy of new energy vehicles in 2001, China has established pure electric drive as an important strategy for the transformation of the automobile industry and the development direction of new energy vehicles in 2012. Although the national policy support for new energy vehicles has weakened since 2017, the policy dividend is still there, so G Automobile Company should make use of the existing policy dividend. Continue to expand its brand influence and sales.

3.2. Threats in the External Environment (T)

(1) The increase in oil demand and prices. With the rapid development of Chinese economy, China's investment and consumption continue to increase. In recent years, China's energy demand has also increased substantially, and it is gradually facing the problem of oil supply shortage and rising price. In 2019, China's oil imports were 506 million tons, an increase of 9.55%, and its oil dependence was as high as 72%, far exceeding China's oil supply. And as oil prices continue to rise, the pressure on China's oil consumption is also increasing.

(2) The improvement of environmental protection standards by the State. Due to the high concentration of pollution in the air caused by the massive emission of automobile exhaust in recent years, human health and the global climate are under great threat, so the advanced countries have gradually raised the emission standards for vehicles. On May 13, 2020, China's four national ministries and departments have jointly issued a notice on the implementation of light vehicle emission standards, which pointed out that since July 1, 2020, the national six emission standards for light vehicles have been implemented nationwide, and light vehicles with five emission standards in producing countries are prohibited, and imported light vehicles should also meet the national six emission standards. The improvement of standards has forced the automobile industry to adjust accordingly. In addition, during the Kyoto Conference, the United States insisted that China should also assume the responsibility of controlling greenhouse gases, which will directly affect China's energy ratio and industrial structure, and then affect the development of the automobile industry.

(3) The price of new energy vehicles is high, and the market is slow to expand. The high research and development costs and production costs of new energy vehicles make their prices much higher than the prices of traditional energy vehicles. In the case of BYD, the leading company in China's new energy industry, the company's next Song model, the fuel version of the official price given in November 2021, is 93,800, while the Song DM launched in 2019 is a plug-in hybrid model, the price is 186,900. The hybrid version of the BYD Song costs twice as much as the fuel version. The huge difference between the prices directly affects the enthusiasm of consumers for new energy vehicles. Although the implementation rules of new energy vehicle subsidies have been officially introduced, most consumers have a wait-and-see attitude towards new energy vehicles.

4. Company G's Strategic Choice Based on SWOT Analysis

Firstly, the four strategic elements are listed in the SWOT analysis matrix, as shown in the following table. Secondly, a comprehensive analysis of their different combinations is carried out to obtain four strategic combinations of G

Automobile Company when dealing with environmental opportunities and threats. They are combination of opportunity and advantage (SO), combination of opportunity and disadvantage (WO), combination of threat and advantage (ST), and combination of threat and disadvantage (WT). The analysis results are detailed in the table below.

G Automobile company SWOT analysis table

| | | |
|----------------------------|---|---|
| Internal condition | strength | weakness |
| | 1) National policy and government support. 2) Strong automotive R & D and production capacity. 3) Marketing advantage. 4) Price advantage. | 1) The company entered the industry late. 2) Low economies of scale. 3) Relatively backward in new energy technologies. |
| External condition | opportunity | threat |
| | 1) The epidemic stimulates the growth of demand for civilian vehicles. 2) Used cars have great potential for exploitation. 3) Intensive introduction of new energy encouragement policies, focusing on promoting consumption. | 1) The increase in oil demand and prices. 2) The improvement of national environmental protection standards. 3) The price of new energy vehicles is high, and the market development is slow. |
| Enterprise strategy choice | SO | ST |
| | The acquisition of international and their own industry in line with the well-known enterprises, quickly improve the level of technology and brand image; | Actively explore markets, such as regional markets, used car markets and government procurement; |
| | WO | WT |
| | Comply with the development trend, manufacture new energy vehicles; Carry out independent innovation to improve the quality of core products; Attach importance to the construction of China's own brand. | Strengthening the internal management level of enterprises can implement a series of functional transformation suitable for enterprises. |

5. Research Conclusions

Through the SWOT analysis of G Company, it is concluded that G Automobile Company can choose the following strategies in the future:

(1) Increase the development of medium-sized cars and luxury brands. On the basis of stabilizing the market position of small cars and compact cars, vigorously develop large and medium-sized cars and luxury cars, expand the market position, and then enter the SUV luxury car market after having a certain brand advantage.

(2) Make China's own brands real and continue to develop new energy vehicles. Fully grasp the national policy opportunities, do their own brands, develop new energy models, quickly seize the future new energy vehicle market, and increase the possibility of "overtaking its corner".

(3) Continue to follow the path of internationalization. On the basis of the actual localization market, through the capital and technology cooperation with international first-class enterprises, or through the merger and acquisition strategy, fully enter the global market, especially the developed countries such as Europe and the United States.

G Automobile Company is one of the early enterprises to enter the automobile industry to build a national brand. The development course of more than 20 years has proved the courage and courage of the company's leaders. After the acquisition of a large number of well-known foreign affiliated enterprises, G Automobile Company has also begun to enter the high-end brands and stand out from competitors in the industry. G Motor Company not only acquired the most advanced technology mastered by the acquired company, but also has a foreign production base and a complete foreign marketing network. The external environment is constantly changing. In the post-epidemic era, G Automobile Company needs to think about how to make use of its own advantages,

avoid risks, seize external opportunities, and make good use of existing resources to obtain maximum benefits.

This paper uses SWOT analysis method to analyze the external opportunities, risks and internal advantages and disadvantages of G Automobile company. Formulate corresponding strategies for them, such as using their own advantages to strengthen the construction of large and luxury brands; Seize external opportunities, follow the development trend, and increase investment in research and development of new energy vehicles; Adhere to its internationalization strategy, continue to adopt the merger and cooperation strategy, enter the international platform, obtain relevant core technologies, and improve the brand image and core competitiveness.

Whether to be the master of the core technology or the follower of the core technology, G Automobile Company has made a clear positioning at the beginning of its establishment. How to win the active position in the future market competition, and constantly strengthen its brand position to participate in the international market competition, in the process of strategic formulation of the systematic, forward-looking more and more shows its importance, with the change of the external environment and the progress of science and technology, it still needs to constantly adjust its strategic direction, in order to continue to maintain its competitiveness in the market.

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