

# ANALYSIS OF THE LEADING AUTOMOBILE'S MARKETING STRATEGY

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**Abstract:** Information marketing refers to a communication mode that uses modern communication equipment and information resources as marketing means to improve knowledge sharing, ability creation and measure the effect of target groups. In today's information age, information marketing is being accepted and adopted by more and more enterprises. Among them, SAIC Group, as a leading enterprise in China's automobile export industry, has been committed to exploring overseas markets in recent years. Up to now, SAIC is the first automobile enterprise in China with a cumulative overseas sales volume of more than 3 million vehicles, ranking first in the export volume of Chinese automobile enterprises for six consecutive years. However, the epidemic situation, instability and other factors have brought new challenges to SAIC Group's overseas marketing and further expansion of overseas markets. Therefore, this paper mainly analyzes the current export situation of SAIC Group and the existing problems in overseas marketing based on informationization and puts forward corresponding improvement measures and reference methods to improve the marketing efficiency.

**Keywords:** Information background; SAIC; Transnational marketing

## 1 INTRODUCTION

As a leading automotive company registered in China, SAIC strives to grasp the development trend of the industry, accelerate product and service innovation and transforming from a traditional manufacturing enterprise to a diversified high-end manufacturing enterprise. The main business of SAIC is the research and development, manufacturing and sales of whole vehicles. SAIC also actively supports the commercialization of new energy vehicles and Internet vehicles, and carries out the research and exploration of technology industrialization[1]. In addition, SAIC is responsible for auto finance, insurance investment, overseas business and international trade business, and has gradually stepped in the field of industrial big data and artificial intelligence with huge growth potential.

## 2 CHOSEN PRODUCT LINE

'SAIC MAXUS' is one of product lines of SAIC. It represents strong brand vision to go all the way forward. It sticks to the SAIC's "new four modernizations" strategy of "electrification, intelligence, connection and sharing" and "customization" to break the industry boundaries and realize an overall development. SUV D90 Tailored for You: Innovation Promotes Performance can be seen in Figure 1 (Data source: SAIC Motor net).



**Figure 1** SUV D90 Tailored for You: Innovation Promotes Performance

## 3 SAIC GROUP TRANSNATIONAL MARKETING SITUATION SWOT ANALYSIS

### 3.1 Strengths

#### 3.1.1 Economic advantages

First of all, in the face of the pressure from the automobile industry, SAIC focuses on strengthening financial management and investment management, creating joint credit, and issuing bonds to support funds. Among them, SAIC ranks first among auto enterprises with a bond issuance scale of 20 billion yuan. After deducting advertising expenses, all the funds will be invested in internal and external engineering, research and development innovation, construction and other activities allowed by regulations.

Secondly, SAIC will also use Zebra Network, Chexiang and other startups to raise funds in addition to the business model, accelerate the integration of all parties, and create new financing methods. By 2021, SAIC's net assets will reach 274.1 billion yuan, far exceeding BYD's market value of 83.8 billion yuan. After several years of integration and growth, SAIC has established the financing method of "self-research + raising". The company has raised enough money to support its core products through acquisitions and equity offerings[2].

#### 3.1.2 Scale advantage

Whether SAIC can enter foreign markets and compete with foreign enterprises is also an important part of SAIC's achievements. After years of development, SAIC has about 108 subsidiaries, making it by now China's largest auto company. The business section of SAIC can be roughly divided into five sections: vehicle, parts, service travel, auto finance and international business.

In terms of international business, SAIC's international business mainly includes overseas production, overseas research and development, business marketing, network construction, after-sales service, new business design, etc. After years of development and continuous research and overseas business expansion, SAIC has now set up companies in many countries to promote product research and development and marketing. Among them, SAIC Zhengda Thailand, SAIC UK, SAIC-GM-Wuling Indonesia, SAIC India, SAIC International, etc., the overseas scale is growing[3].

#### 3.1.3 Experience and technical advantage

After more than ten years of development, SAIC's production and overseas sales are increasingly perfect. SAIC has established a global automotive business covering more than 90 countries and regions around the world, involving research and development, marketing, distribution, equipment, manufacturing, technology, finance and other fields. In addition, SAIC has many years of experience working with a number of international companies, and it has an extremely deep corporate history. In 2020, SAIC headquarters dispatched more than 30 foreign entrepreneurs to support overseas business teams, and most of the foreign managers and ordinary employees of SAIC can communicate with local residents[4].

At the same time, SAIC has a global vision and cross-industry experience in foreign markets, and will conduct conscious analysis of consumer preferences and trade preferences before entering foreign markets.

### 3.2 Weakness

#### 3.2.1 Lack of market segmentation

SAIC's success in foreign markets is undeniable. However, when SAIC entered the foreign market, it did not fully consider the market segmentation, but adopted the overseas marketing strategy of "full flowering", that is, marketing products in multiple foreign markets at the same time. Although this operation mode has the advantages of high efficiency and fast response, it also brings about problems such as high production and marketing costs and high marketing risks. Therefore, when an enterprise decides to enter a foreign market, it should first consider the choice of market segmentation and target market, and analyze the competitive environment and development potential of different access markets[5]. Obviously, SAIC still lacks consideration in this regard. Although this "multi-market" thinking can improve marketing efficiency to a certain extent, the huge investment needed in the early stage can easily lead to high marketing costs and production costs, which may cause high marketing management costs of SAIC itself in a short time.

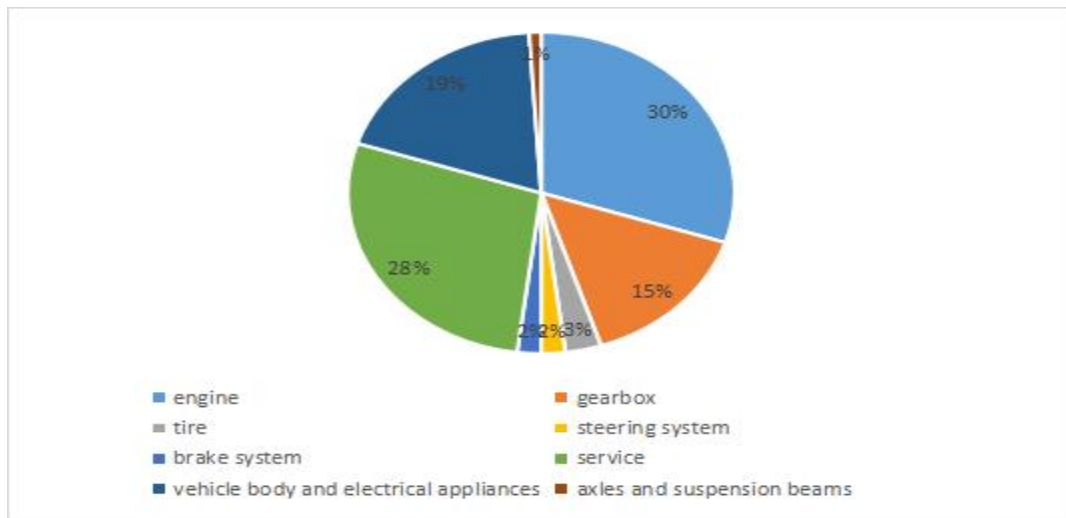
#### 3.2.2 The management cost of marketing talents is too high

SAIC currently mainly adopts a strategy of "multi-market synchronous development", which means that SAIC needs to recruit local talent in different countries and markets. However, different markets have completely different working cultures, and the pursuit and values of employees in different countries are also different, which is easy to lead to cultural misunderstanding and affect the overall working atmosphere and marketing efficiency of the company. It is difficult for SAIC to retain valuable talents only by its own training mode, and it will also encounter many problems in staff recruitment and maintenance[6]. Therefore, in order to be as clear as possible about cultural misunderstandings and improve work efficiency, SAIC needs more time and training costs to manage employees from different cultural backgrounds and take its own higher risks. High talent management and training costs will also affect the progress of SAIC's overseas expansion to some extent.

#### 3.2.3 Product quality could not be guaranteed

In the final analysis, the main advantage of cross-border trade lies in the product itself. Although SAIC has always paid attention to production and quality control, product problems still occur from time to time and customer complaints continue. For example, SAIC Datong Automobile Co., Ltd. is currently recalling 866 V90 models and 711 G 10 models produced and entered the domestic and foreign markets from October 25,2020 to December 13,2020. As of March 19,2021, a total of 1,577 vehicles have been recalled[7]. The reasons for the recall include but are not limited to changes

in braking performance, unexplained engine failure, quality problems, wrong size of some components, leakage of brake fluid, etc., which have had an extremely negative impact on SAIC's overseas reputation. Complaint index of SAIC Volkswagen in the first half of 2022 can be seen in Figure 2(Data source: Auto Door net).



**Figure 2** Complaint Index of SAIC Volkswagen in the First Half of 2022

As can be seen from the data in the above table, the complaints and demands of customers at home and abroad on SAIC products are mainly about engine problems, vehicle braking system problems, gearbox problems and service problems. In particular, 28% of the customer complaints are related to service, which indicates that many customers are not satisfied with SAIC's various after-sales services.

### 3.3 Opportunity

#### 3.3.1 Macro-policy support

With the continuous integration of China's "going global" and "Belt and Road" strategies, China's trade volume with neighboring countries is increasing. With the continuous development of China's economy and the enhancement of its national strength, China is committed to modernization, opening up and technological change, and strives to realize the change from "made in China" to "created in China". By October 2022, China exported more than 2 million vehicles for the first time. In addition, affected by the new pneumonia virus, the global situation has become unstable, and the production and sales of many foreign cars have changed[8]. However, thanks to China's own attention to the epidemic, China can resume work and production and resume exports in a relatively short period of time. China's rapid decision-making and strong execution will also win China a very valuable development opportunity.

#### 3.3.2 New energy vehicles have become a new trend

In the automobile industry, new energy vehicles have gradually become the first choice of many consumers. From January to September 2022, the global sales of new energy vehicles will reach 6.815 billion. China is not only the fastest new energy development country in the world, but also a new market for new energy vehicles. In 2022, the share of new energy vehicles in the overall automobile market will reach 25%. New power series models have a strong competitiveness in the domestic and foreign markets[9]. In this regard, SAIC should seize the opportunity of new energy development, invest funds to develop new energy equipment, integrate the sales of new energy equipment, and manufacture new energy products according to the characteristics of new energy. Thus, it can better meet the new demand of the market and cultivate new competitive advantages.

#### 3.3.3 Acquisition opportunities increase

Under the current grim situation, the continuous influence of the global environment and the epidemic, the automobile industry is also facing challenges and resistance. As China's largest exporter, SAIC has rich experience in mergers and acquisitions. Among them, SAIC Chase brand comes from the acquisition. In 2011, SAIC established the SAIC Chase Business Division to shift its strategy from proprietary technology to shared technology, and to gradually understand the global automotive industry. Now, SAIC Roewe, SAIC MG, SAIC Datong three brands have realized complementary advantages, common development[10]. Therefore, in the context of widespread environmental crisis, SAIC should seize the opportunity to acquire more small and medium-sized enterprises in time, expand the integration of business resources, improve business plans, and make contributions to the future cross-industry trade.

### 3.4 Threat

#### 3.4.1 Competitor threat

Although SAIC is currently the largest auto company in China and the most competitive auto company in China, this does not mean that SAIC's export business has become fully established. In addition to SAIC, Chery Automobile, GEELY Holding Group, CHANGAN Automobile, Great Wall Motor, BAIC Group, JAC Automobile, BYD and other

companies are also speeding up the pace of going global. Take Chery Automobile as an example. Chery Automobile exported about 310,000 units from January to September 2022, second only to SAIC's 500,000 units. In addition to domestic competitors, SAIC inevitably has to compete with foreign car enterprises in joint ventures[11]. SAIC has lost its home advantage and opportunity when competing with foreign enterprises. The attraction of overseas customers is very easy to be dispersed by foreign local enterprises. Therefore, SAIC must not take it lightly.

#### 3.4.2. *Alternative product threat*

The threat of alternative products is also an issue that SAIC should pay more attention to in its future business. Now, with the expansion of China's transportation industry, more and more enterprises choose to engage in automobile export, and the risk of product replacement is becoming greater and greater. Cars belong to the category of luxury goods. There are strong technical correlation and production correlation between products, and strong homogeneity. The risk of product confusion is greater than that of other industries. Customers' choice is extremely easy to be affected by product price, product quality, related service quality, cost performance and other factors, especially foreign customers will be more interested in product quality[12]. Therefore, SAIC should also pay attention to the threat of high homogenization of alternative products in the current market, and strive to build its own product advantages.

#### 3.4.3. *Unstable situation at home and abroad*

In recent years, the global situation has been volatile: COVID-19 has brought uncertainty to the global and domestic economies as well as countries, with a significant impact on cross-border and international trade. The Ukraine crisis has triggered major and complex changes in the international situation, leading to further changes in the international exchange rate and the long-term existence of global trade barriers. Affected by various factors, the complexity, severity and uncertainty of international business development and business environment have increased. In this context, China's automobile exports have also been greatly affected. In March this year, China's automobile manufacturers exported 170,000 vehicles, down 5.5% from the previous month. At present, the situation in Russia and Ukraine is difficult and changeable, and western sanctions against Russia are intensifying, leading to multiple problems such as transportation delays, RMB exchange rate changes, rising the price of many products, and affecting the delivery of goods and products[13].

## 4 SUGGESTIONS ON SAIC'S MARKETING STRATEGY

### 4.1 Promote Multi-Dimensional Information Marketing to Improve Product Exposure

At the present stage, most enterprises will face the problems of low product marketing efficiency, long time-consuming and untimely feedback when carrying out transnational marketing, which greatly affects the next sales of enterprises. Therefore, in today's increasingly developed network technology, the use of information technology in marketing is of great strategic significance for enterprises. At the same time, with the continuous impact of the epidemic and the unstable situation at home and abroad, the effect of the traditional marketing model is difficult to be fully played. SAIC should seize the opportunity of information development, strive to broaden its own online network marketing channels, actively build an all-round network marketing network, and adopt the marketing model combining "physical marketing + information marketing".

In entity marketing, SAIC should give full play to its own economic advantages and overseas cooperation advantages to improve the product exposure as much as possible. For example, SAIC could hold some relevant product exhibitions to attract the attention of foreign customers based on mutual interest of foreign companies[14]. In addition, SAIC could also try to foster the mutual collaboration with foreign companies and let foreign partners to help them introduce the product and improve the marketing effectiveness.

In terms of information marketing, in addition to its product website, SAIC could also strive to build a new type of multi-dimensional product information website, this stage export products according to different brands and product types, and create product multi-dimensional information matrix, using the combination of video-description and image-description to provide the comprehensive information about product, which include the product appearance, product color options, product interior, product characteristics, product inspection and other information related to product itself. This kind of multi-dimensional product network could make foreign customers understand all information about related products, greatly improving the marketing efficiency and reducing the cost of transnational marketing.

### 4.2 Establish a Multi-Language Information Marketing Network to Improve Product Affinity

In addition to establishing a multi-dimensional new product matrix, SAIC can also focus on establishing a new multi-language information marketing network. With the deepening of the internationalization process, more and more countries choose to join in the tide of economic globalization, and more and more countries choose to establish trade relations with China. Therefore, for Chinese enterprises, it is far from enough to only use English as the transnational marketing language[15]. Although English is the most widely used language in the world and is highly recognized in international trade, Chinese companies should also be fully aware of the importance of small languages. According to Google, 50 percent of buyers will buy in English, but the remaining 50 percent will choose to buy in their native language. More than 60.4% of the world's transactions occur in non-English speaking countries, so the importance of small languages cannot be ignored.

Therefore, for SAIC, when carrying out transnational marketing, it should not only focus on the English language market, but also pay attention to all kinds of small languages. SAIC needs to recognize that while English has the

highest recognition in the world, there are a significant number of countries whose native or popular language is not English. Therefore, SAIC can should establish a new multilingual information marketing network to provide customers with a multilingual choice of comprehensive product information website, including other small language, give customers to choose reference language, convenient national customers and related business personnel timely access to product information and company information, in the long run, SAIC brand affinity will be further promoted, other small language countries will be aware of the professional and language inclusive, and more inclined to cooperate with SAIC group.

### **4.3 Promote Cooperation Between Enterprises and Improve the Two-way Quality Management System**

Cooperation between state-owned enterprises and foreign companies is very important. Good inter-enterprise cooperation can determine to a certain extent whether an enterprise can gain a firm foothold in overseas markets. The cooperation between enterprises is not only the cooperation in product transaction, but also the employee collaborative training and the joint supervision of product quality are also an important part of enterprise cooperation.

In terms of staff training at home and abroad, SAIC can gather its senior employees with rich overseas business experience to establish a special "transnational marketing talent special training team", which is mainly responsible for cross-cultural training, marketing skills training and language ability training for the existing domestic and foreign sales staff and reserve transnational marketing talents[16]. In addition, SAIC can make full use of its overseas cooperation advantages, coordinate overseas resources, and overseas government and related local cooperation talent training, establish special "joint talent pool" at home and abroad, the company existing domestic and foreign marketing talent into talent pool, jointly organized related training programs on a regular basis, appropriate invite overseas marketing experts to the company to share experience, help us to dig deeper into different overseas market consumer preferences and market pain points.

In terms of quality management, SAIC can cooperate with relevant foreign companies and overseas governments to realize the coordinated quality management of export products. For example, SAIC can reach product quality management agreements with relevant enterprises, establish product quality standards and management regulations, and conduct management evaluation of SAIC's export products. If the overseas company finds that SAIC's export products do not meet the quality standards mentioned in the agreement, the foreign company has the right to return the relevant products and claim relevant compensation. This two-way quality management mode between enterprises can urge SAIC to some extent to pay attention to the quality of export products, so as to stand out from other brands.

## **5 DIGITALISATION**

### **5.1 Digital Marketing**

As the largest automotive group in China, SAIC has been actively promoting digitalization since 2017 to better connect and serve end users. In this context, SAIC Group uses enterprise WECHAT to create a user-oriented "SAIC New Retail Data Service System", redefining the retail transformation approach. The implementation of this system not only improves the sales performance of SAIC, but also lays a solid foundation for its future development.

With the popularization of the Internet and the change of consumer behavior, the traditional car sales model has been unable to meet the needs of consumers. SAIC realized that to stay ahead in the fierce market competition, it must undertake digital transformation to better connect and serve end users.

SAIC pays attention to user orientation in the digital transformation, takes user needs as the starting point, and is committed to providing more convenient, efficient and personalized services. SAIC Group has built a new retail system integrating consultation, transaction and after-sales by using the social platform WECHAT.

## **6 CONCLUSION**

This paper mainly through the SWOT analysis of SAIC, deep analysis of the advantages and disadvantages of SAIC international marketing strategy, at the same time according to the current international situation at home and abroad, the SAIC future international marketing feasibility reference. In general, enterprises should make full use of good network this unique marketing channels, speed up the construction of their own product network, gradually get rid of the traditional offline entity marketing and stereotypes, seize the information marketing "anytime, anywhere, low cost, feedback" the characteristics of the network platform for their own brand image construction and product promotion, improve the efficiency of marketing.

## **COMPETING INTERESTS**

The authors have no relevant financial or non-financial interests to disclose.

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