

Study on the Problems of Export Trade of Shougang Denso Co., Ltd.

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Abstract. With the development of Chinese industry of auto parts, Chinese auto parts export trade is also rapidly developing. The financial crisis occurred in 2013 led to the export value decreased in 2014 and 2015, which fell by 28.6% and 37.5% compared with 2013. In this situation, this paper analyzes the issues of the trade tendency of air condition system parts comprehensively and thoroughly. The issues are the reduction of exported scale, export concentration, the decreased quality and keen competition of export trade. By researching these issues, the company can put forward some countermeasures such as widen channels for getting information and formulating marketing strategy, expanding overseas publicity and widen customer source, formulation of quality management measures, enhancing the ability of the workers and the innovation power creativity of products.

1. Introduction

This paper finds out the problems existing in the export trade through the research and analysis of the export status of the company's automotive air-conditioning components. According to the advantages and disadvantages of the enterprise, the opportunities and threats of the market, it proposes feasible measures to solve the problem. The company can seize the favorable opportunities in the ever-changing internal and external environment, so that it can develop itself into the largest exporter of automotive air-conditioning components in the future competitive market and improve the competitiveness of the industry.

This paper analyzes the problems and countermeasures of Yantai Shougang Denso Company in order to introduce the solutions to the problems. The chart method is used to analyze the relevant data of the export status of enterprise air-conditioning components, provide theoretical guidance for the company to develop better development countermeasures for the company.

2. Journals reviewed

In terms of structural adjustment of export products, Li Shaonan (2014) proposed that the total investment of China's auto companies is relatively small, especially the investment specifically for export products is seriously less. In terms of internationalization strategy, Zhang Xiaomei (2010) proposed that in the process of internationalization of enterprises, it is believed that solving the problem of brand internationalization plays an important role in the international implementation of enterprises. In terms of improving the quality of export products, Shen Qing (2011) proposed that product quality is an important factor affecting automobile exports. Enterprises should pay attention to the quality of export products. In terms of improving enterprise innovation and reducing costs, Guo Ying (2015), facing the market, built an effective technology innovation system, realized product structure adjustment and upgrading, and actively promoted the construction of science and technology innovation system. Xu Ying (2014), foreign trade should vigorously promote the technology innovation strategy. Due to the lack of scale benefits, small and medium-sized enterprises must rely on technological innovation to produce new, special and excellent products to gain market competitiveness. Therefore, technological innovation is the driving force for the development of small and medium-sized enterprises. Chen Jie (2011) believes that due to the continuous rise in international commodity prices and related product prices, the prices of domestic production materials are also rising, making the increase in production costs.

3. The Status of Exports

3.1 Exports

With the recovery of external demand in 2010, the export of automobile and parts has shown a recovery trend. Therefore, the export of auto air-conditioner parts has further extended its front line and established a production base in major export areas. In 2011, the export volume of air-conditioning components of the company reached 11.506 million yuan, 250.2% higher than the 3.286 million yuan in 2010. Due to the development of emerging markets, in response to the different requirements of customers for similar products and the different needs of different models, the company has developed different types of air-conditioning components for specific products, and the types of products supplied by the company have also increased. Therefore, the overall situation after 2010 has increased significantly. However, after 2011, the economic situation at home and abroad became more and more complicated. As the cost of the company's products did not decrease, the customers cut off the cooperation with the company on certain products. In addition, the production of special air-conditioning systems was difficult to achieve in China, and the company stopped. For the production of this model, the export volume is reduced (see Figure 1).

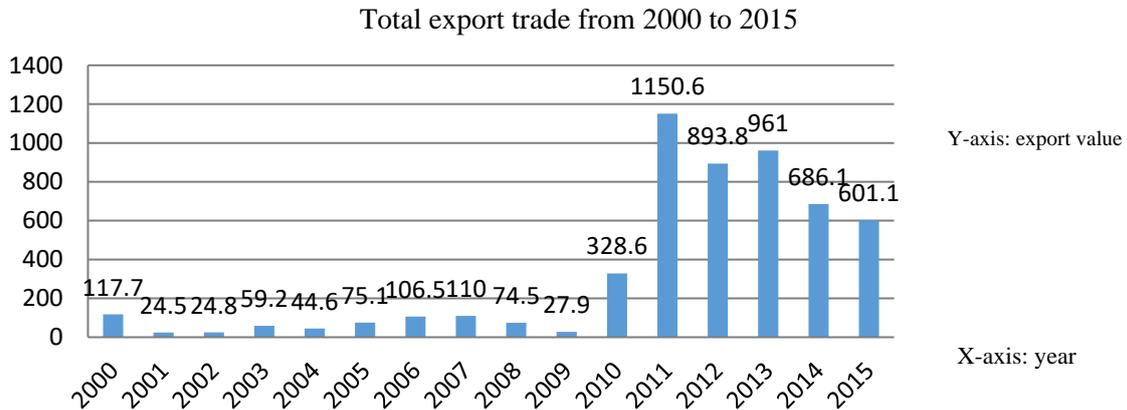


Figure 1. Total export trade from 2000 to 2015

3.2 Export area structure

At present, the company's main exporting countries are some countries in Southeast Asia and some countries in Europe and America. In many countries in Southeast Asia and Europe and the United States, a stable export market has been formed. The export volume accounts for about 90% of the total area. With the expansion of the company and the continuous quality of products. More and more companies are conducting on-the-spot investigations. The company strives to maintain new markets while actively seeking new customers and establishing trade cooperation with companies in more countries. Not only does the company develop according to the needs of countries and customers. Different models of products have opened up a wider market (see Figure 2).

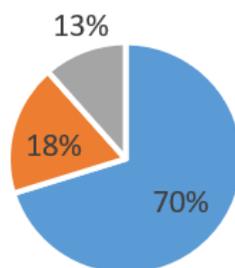


Figure 2. Major export areas from 2000 to 2015

3.3 Export product category

The export volume of air conditioners in 2015 increased by 6.3% compared with 2008. The export volume of compressors in 2015 increased by 9.0% compared with 2008. The company should increase air conditioners and compressors. The company's refrigeration compressors (B series) have formed a series of products, which can not only facilitate the organization of production, but also produce different displacement compressors according to the needs of different models of users. The evaporators and condensers produced by the company use the tube belts and fins produced by electric installation technology. The heat exchange capacity and unit refrigeration quality and volume are better than the domestic similar products. In the enterprises invested by Denso, the company is the only one, as the production process matures, the export volume of compressor (A series) s is also growing (see Table 1).

Table 1. Percentage of total exports of various products from 2008 to 2015

Year	Air Conditioning	Compressor	Evaporator	Others
2008	39.8%	30.1%	23.2%	6.9%
2009	40.1%	30.3%	22.8%	6.8%
2010	40.5%	30.9%	22.1%	6.5%
2011	40.8%	30.5%	21.9%	6.8%
2012	41.3%	31.6%	21.6%	5.5%
2013	41.1%	32.2%	21.2%	5.5%
2014	41.5%	32.8%	21.5%	4.2%
2015	42.3%	33.4%	20.7%	3.6%

3.4 Quality of export products

Since the establishment of the company, with good product quality and excellent after-sales service, the customer base has been well-received. In 2010 and 2011, it was awarded the title of Caterpillar Global Gold Supplier. However, after the relocation of the old factory in 2011, the quality of the product dropped significantly. In 2015, the number of defective products reached 8 pieces, exceeding the company's annual defect count of 6 pieces. The decline in the company's product quality caused the customer's production line to malfunction, and even the production line was discontinued. The reasons for the quality will be the lack of production technology and the imperfection of the quality management system of export products, and the inspection defects of imported parts (see Figure 3).

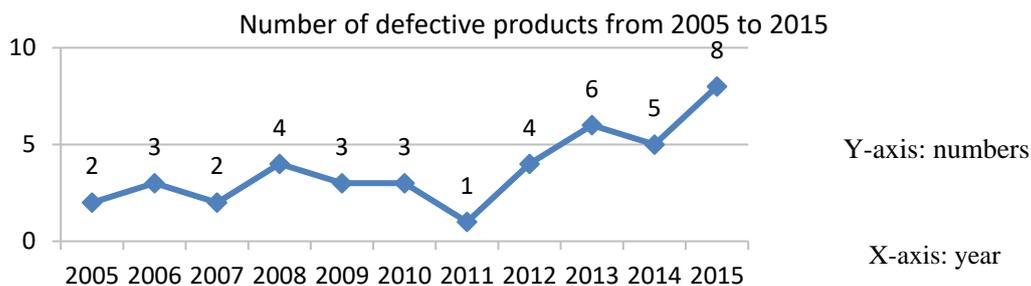


Figure 3 .Number of defective products in 2005-2015

4. Problems with export trade

4.1 Reduction in export scale

After 2010, the global economy recovered, external demand recovered, and the company's export volume increased. The export volume reached 11.506 million yuan, 250.2% higher than the 2010 figure of 3.286 million yuan. The world economy is warming but the market economy is unstable, and the domestic situation is complicated. For the model of a specific product, the customer switches suppliers according to the high cost of the company. However, due to the limitations of some production equipment and the import cost of some components, the company stops Production of certain products. On the other hand, the company's information channels are not

smooth, lack of market analysis, before the customer and quickly respond effectively, resulting in low efficiency of information collection in the international market, insufficient understanding of market demand and trends, resulting in some insufficient product inventory makes customers purchase other manufacturers' products, resulting in a smaller scale of the company's export trade (see Figure 4).

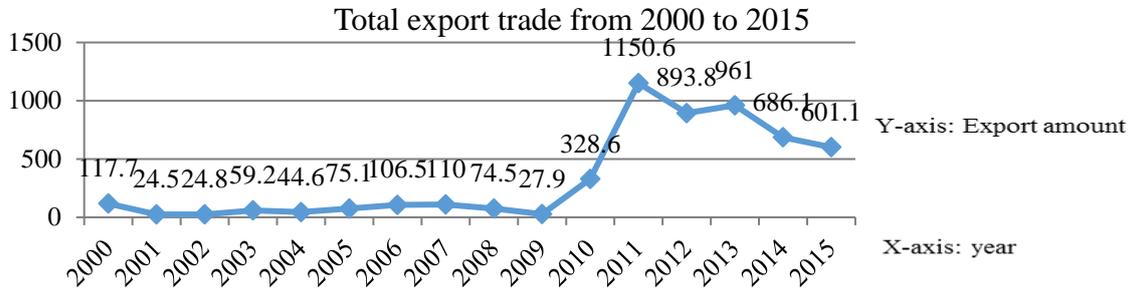


Figure 4.Total export trade from 2000 to 2015

4.2 Concentration of export markets

90% of the products are exported to Southeast Asia, Europe and the United States, and the export market is concentrated. The concentrated export market is not conducive to the consumption of surplus products, which is not conducive to the company's comprehensive analysis of market demand, which makes the company have limitations in production. During the period from 2013 to 2015, multiple customer final orders accounted for only 60% of the scheduled orders, resulting in a large number of surplus products in the warehouse, and the concentrated customer base is not conducive to the consumption of surplus products. The company's failure to timely respond to the lack of relevant products and the production and production of the related products greatly affected the company's benefits (see Figure 5)

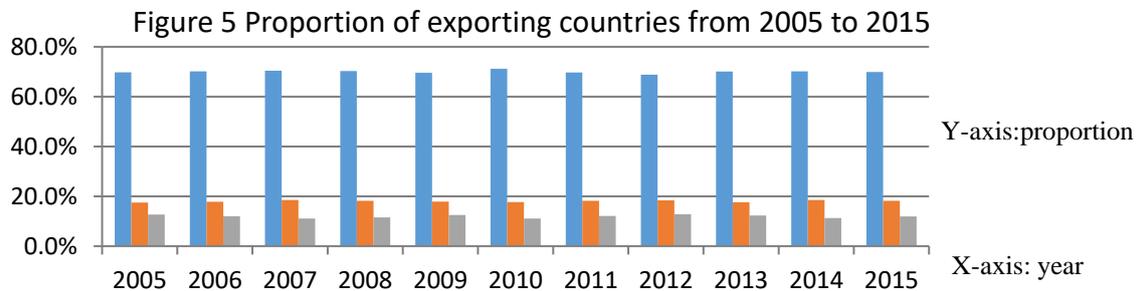


Figure 5.Proportion of exporting countries from 2005 to 2015

4.3 The quality of export products declined

After the relocation of the old factory in 2011, the quality of the product dropped sharply. In 2015, the number of defective products reached 8 pieces, exceeding the company's annual defective number of 6 pieces. The decline in the company's product quality caused the failure of the customer's production line, and even the production line was discontinued and lost. The title of Caterpillar Gold Supplier. The decline in product quality has resulted in a decrease in customer trust, which may result in a loss of stable customers or a switch to product suppliers. Due to immature production techniques, imperfect export product quality management systems and defects in inspection of imported components, product quality has declined. The products produced by the company are water tanks, compressors and condensers in air-conditioning components. Some parts of the products are supplied by other suppliers. The stable and reliable supply of suppliers is the prerequisite for ensuring the quality of production. Supplier quality standards should be established. When formulating a quality management system, sometimes it is impossible to formulate quality objectives that are consistent with the strategic objectives of the enterprise. It is far from the actual situation of the enterprise. There is no periodic inspection, and the quality target assessment

mechanism is lacking. Lack of assessment incentives based on quality objectives, lack of impetus for quality participation in all employees (see Figure 6).

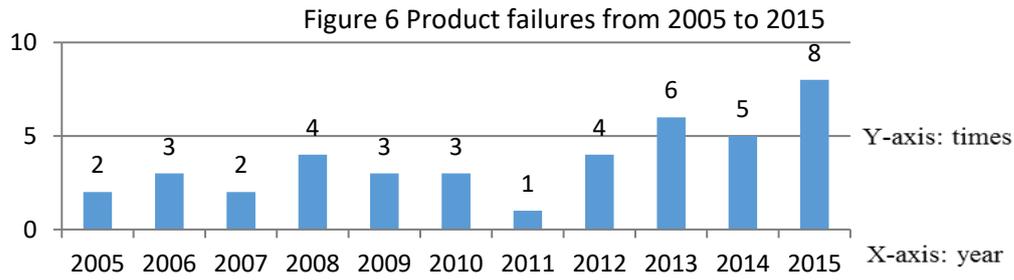


Figure 6.Product failures from 2005 to 2015

5. Conclusion

5.1 Broaden information channels and develop marketing strategies

The company should strengthen the monitoring of the market environment and broaden the information channels. The company can pay more attention to the auto parts market and the market environment, build an information service platform. In addition, the company should identify the development process of the market, and pay attention to customer's individual needs.

5.2 Expanding corporate propaganda at home and abroad to broaden customer sources

The company should promote the brand by organizing events and participating in exhibitions, so that customers can learn more about the company's products in many aspects. The company also can collaborate with international agencies to enhance brand awareness through an authoritative evaluation platform. The company should spare no effort to produce high-quality automotive air-conditioning components.

5.3 Develop quality management improvement measures

The company should make good product quality planning, include determine the production process, and the responsibilities and authority of each design and production. Pre-production approval procedures are established to ensure that all requirements for customer engineering design records and specifications have been properly understood. The company should develop potential failure modes and consequences analysis, and evaluate possible risks in the design and manufacturing processes.

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