Analysis of Business Strategies of Vulnerable Automobile Enterprises under Market Competition

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Abstract. In recent years, the market competition in the automobile has become more and more intense, accelerating and upgrading the competition between enterprises, strong enterprises and weak enterprises coexist. Weak enterprises are not clearly defined in the text refers to the general relative to the strong enterprises, in the market competition in a weak position in the enterprise, the brand effect is low, for the ability to resist the market anti-risk is weak. The automobile disadvantaged enterprises if you want to maintain the original market share in the fierce market, and even expand the market, you need to choose the appropriate development strategy and tactics. This paper introduces the simulation study of how to develop the disadvantaged enterprises in the automobile industry under the market competition by combining the knowledge of economics and marketing in the "National Universities Economic Decision Making Virtual Simulation Experiment Competition". In the process of research, the disadvantaged enterprises have made corresponding economic decisions, providing a simulation case for the real market competition environment, and pointing out that the disadvantaged enterprises can change the direction of development, which is inspiring for the development of automobile enterprises.

Keywords: Automobile companies; Business strategy; Market competition

1 Introduction

Before 2008, Great Wall Motors was a mediocre brand among many automobile companies, with an annual turnover of less than 10 billion dollars despite its long history. From 2008 to 2014, Great Wall Motor's brands have been listed one after another, including Cool Bear, Mini SUV, Haval, etc. In 2014, Great Wall Motors ranked 55th in the "Hurun Research Institute 2014 Most Valuable Chinese Brands" with a brand value of 11.5 billion yuan, up 13 places from last year and ranked first in the automobile industry at that time, establishing a good brand image and gaining a large number of brand supporters, which laid the foundation for the great increase in sales in the future. Therefore, in 2016, Great Wall Motor exceeded the million mark for the first time.

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After that, Great Wall Motor entered a brilliant stage, opening overseas workshops, setting up technology research and development centers, and its self-developed engine won the title of "Top Ten Engines" in the "Heart of China" annual Top Ten Engines Contest, and "First World's Top Ten Engines" in the "First World's Top Ten Engines Contest" in the "First World's Top Ten Engines Contest". The 7DCT transmission independently developed by Great Wall Motor won the title of "World's Top Ten Transmission" in the "First World's Top Ten Transmission Award". Great Wall not only enjoys a place in the domestic market and becomes the leader of the domestic automobile industry, but also expands its market to overseas and becomes the first batch of Chinese automobile enterprises to go out of the country.

2 LITERATURE REVIEW

Disadvantaged enterprises generally refer to enterprises with insufficient human resources and capital, fewer product specifications, fewer varieties, and a single market relationship, and thus weaker competitiveness. [1] In the automobile industry, where market competition is fierce, disadvantaged enterprises face many challenges. According to past research, disadvantaged enterprises are usually characterized by smaller production scale, weaker brand influence and relatively limited capital. [2] These characteristics put them at a relative disadvantage in the market compared to large automakers, and often make it difficult for them to gain sufficient market share.

If you want to make the disadvantaged enterprises can occupy a certain market share, you must develop a coping strategy, there are four kinds. First, the development of differentiation strategy: the so-called product differentiation, refers to the same industry within different enterprises of similar products due to the quality, performance, style, sales services, information provision and consumer preferences and other aspects of the existence of the differences between the product substitution relationship caused by incomplete situation, or a particular enterprise's products have unique can be differentiated from the products of other enterprises in the same industry characteristics. [3] disadvantaged enterprises can be differentiated from competitors through unique products or services, to attract more consumers, differentiation strategy can help disadvantaged enterprises to establish their own competitive advantage; second is to look for partners: between two enterprises with complementary resources, through a variety of agreements and the formation of strengths, risk-sharing cooperation and competition organization. [4]disadvantaged enterprises can establish cooperative relationships with other enterprises, joint market development, resource sharing, to achieve mutual benefit and win-win situation, partners can help disadvantaged enterprises to expand market share, improve resource utilization; Third, strengthen marketing: the reality of enterprise marketing activities, marketing strategy will certainly play an increasingly important role in the development of enterprises, the new marketing strategy and marketing measures corresponding to the more There are many new marketing strategies and corresponding marketing measures. [5] Disadvantaged enterprises need to focus on marketing, precise control of the target market, understanding of consumer demand, develop appropriate strategies, strengthen the enterprise brand building, improve the
image and visibility of products and services; Fourth, continuous innovation and improvement can effectively stimulate the enterprise to carry out sustained innovation; rich experience in innovation, a large amount of knowledge accumulation can help enterprises to form a virtuous cycle of innovation, and to achieve continuous innovation. [6] Disadvantaged enterprises need continuous innovation and improvement, which can help disadvantaged enterprises to open up new markets and provide new products and services to adapt to market changes and consumer demand. For example, Tesla, an emerging automobile manufacturer, has successfully created a unique brand image through its electric vehicle technology and advanced self-driving system.

Market competition is an everlasting challenge for enterprises, especially for disadvantaged enterprises, how to compete for market share and achieve sustainable development in a fiercely competitive environment is a challenging task. According to the research, different strategies of marketing play a key role in this process, and price war and advertising war, as one of the main competitive strategies, have become an important tool for disadvantaged firms to meet the market challenges.

Price as an important factor in the market often becomes the key to attract consumers. In a competitive environment, price war, as a common competitive tool, can attract more consumers by lowering the price of products, which in turn increases sales. [7] Weaker firms often choose to attract consumers by lowering the price of their products, thereby increasing sales, rapidly increasing their market share, and attracting more consumers to purchase their products. However, price wars also bring risks. Firms may reduce the profitability of their products while drastically lowering prices, which may even lead to damage to the financial health of the firm in the long run. Therefore, when adopting a price war strategy, companies need to carefully evaluate their cost structure to ensure that they remain profitable even after reducing prices, and they need to consider building a lasting competitive advantage in the marketplace.

Advertising wars help disadvantaged firms to stand out in a competitive market by increasing brand awareness and product exposure. [8] Disadvantaged firms are allowed to establish their unique position in the minds of consumers through advertising wars. Through well-designed advertising strategies, disadvantaged firms can arouse the interest of target consumers and build brand awareness and loyalty. However, advertising investment also needs to be carefully balanced. Over-investment in advertising may lead to financial constraints and affect other aspects of the business. Disadvantaged companies need to choose appropriate advertising channels and content according to their actual situation to ensure that the return on advertising investment is maximized.

In the "National University Economic Decision-Making Virtual Experiment Competition", participants simulate the competitive market environment, and have the opportunity to use business strategies to lead the disadvantaged automobile enterprises to occupy a certain market share, and continue to promote the development of the enterprise to achieve market expansion. The virtual experiment platform provides participants with the background data advantages of real enterprises, including brand effect, order volume, advertising expenses, etc. Through market simulation and data analysis, it provides effective help and suggestions for realizing the success of disadvantaged enterprises.
Currently, the automobile industry is in a fierce market competition. Disadvantaged automotive companies are facing great challenges, and how to survive and achieve growth in the competition has become a key issue. This simulation environment provides participants with a simulated market to realistically recreate the competitive market scenarios, and provides participants with the opportunity to try out different business strategies. Participants can take full advantage of the company's background data, such as branding, to develop more targeted marketing strategies. In addition, knowing the historical order volume can help companies predict market demand and formulate reasonable production and sales plans to avoid over-supply or under-supply. In addition to simulated data, participants can also analyze it with relevant knowledge of market economics and marketing. Factors such as market supply and demand, competitive landscape, and consumer psychology are considered to predict the potential impact of different strategies. Based on the data and theoretical knowledge, participants can formulate more scientific strategies and verify their effectiveness in market simulations. In addition, participants can experience and practice different business strategies in a relatively low-risk environment to accumulate experience and lessons learned. These experiences are also instructive for disadvantaged automobile enterprises in reality.

In summary, through the "National University Economic Decision Making Virtual Simulation Experiment Competition", disadvantaged automobile enterprises have the opportunity to simulate the competitive market environment, use business strategies to occupy a certain market share, and realize sustainable development and market expansion. By utilizing background data and data analysis, combined with professional knowledge, the participants can gain valuable experience and provide effective guidance and suggestions for the disadvantaged enterprises in reality, so that they can also achieve success in the real market. The application of such virtual experiments provides a platform for business managers to combine theory and practice, which helps to develop their economic decision-making ability and fully prepare them for future market competition.

3 FACTORS THAT CAUSE AUTOMOTIVE COMPANIES TO FALL BEHIND IN THE MARKET

3.1 Experimental background

The contest assumes a virtual environment constructed under the assumption that a peaceful, open market state is maintained between China and the United States, which includes countries, product markets, and factor markets, each of which collectively form the basis for trading. Participants in the competition have the opportunity to take on the roles of an automobile manufacturer and a steel manufacturer in the two countries, whose goal is to maximize profits through trade competition. In this virtual environment, market participants compete in the international marketplace and their decisions will be influenced by the market environment and government policies. In the first year of the competition, the government will randomly select a contestant and enact policies accordingly. This means that each participant faces policy uncertainty and
needs to make informed decisions in an ever-changing environment. In order to stand out in this competitive environment, each vendor needs to carefully consider their business decisions. They need to weigh the impact of changes in market conditions and policies, and how to avoid potential risks and pitfalls. It is only through efficient and rational business strategies that they can keep their businesses moving steadily forward in the ever-changing environment and achieve sustained profitability. However, if the contestants make poor decisions, they may face the risk of business failure or even bankruptcy. Therefore, the competition encourages participants to fully consider various factors and make wise decisions to ensure the sustainable development of their businesses.

In conclusion, "National University Economic Decision Making Virtual Simulation Experiment Competition" provides participants with a simulated international trade environment, in which they can experience the impact of market competition, policy changes and other factors on business operations, and exercise their economic decision-making ability and strategic thinking. By practicing in this virtual world, participants can better understand and cope with economic challenges in the real world.

3.2 Reasons for the formation of gaps between firms in the experiment pricing or cost issue.

In the fierce market competition, in order to obtain the cost advantage and realize the goal of strategic cost management, it is necessary to establish a system of analytical methods for strategic cost management. [9] Cost management is especially important for disadvantaged automobile enterprises. Some companies will choose to reduce production costs and improve production efficiency, which is certainly important for an enterprise, but it is also correct to do so without affecting product quality and brand reputation.

In the third year, as shown in Figure 1, it is because of the indiscriminate pricing of the American automobile 1, without considering whether the available capital of the enterprise is sufficient and whether the sold cars can be profitable or not, and only focusing on obtaining a high number of orders, which leads to insufficient funds to produce cars, making the brand effect zero, thus the order competitiveness becomes low, and after that, it will not be able to obtain the expected number of orders.
ineffective brand marketing.

Under the vision of brand management, modern enterprises pay great attention to brand building, especially when carrying out brand marketing, but also focus on the publicity work of advertising and the establishment of operational mechanisms. [10] There are many companies through a large number of advertising campaigns, please star spokesman to expect product sales can be increased. However, knowing its importance but not being able to do it correctly according to the enterprise's own needs and market environment, the cost of marketing will only become a financial burden for the enterprise.

The amount of branding effect is partly influenced by the amount of orders acquired in the previous year. According to Figure 2 and Figure 3, which show the comparison between American Car 4 and American Car 5, American Car 4 invested $5 million per year in advertising in both the second and third years, yet set its maximum order quantity extremely low, resulting in the brand not being able to get more cars. On the other hand, Car 5, even if it did not invest in advertising, it still dared to try its best to get orders, so it could get more orders, and the brand effect gradually surpassed that of Car 4. Even if Car 4 invested in advertising every year, it didn't play any role, and on the contrary, it added burdens to the operation of the enterprise. Therefore, sometimes the publicity may not be able to get the corresponding benefits for the enterprise, but will make the previous investment seems to be futile.
Fig. 2. Details of the results of the second year of competitive bidding for U.S. automaker orders

Fig. 3. Details of the results of the third year of competitive bidding for U.S. automaker orders

Influence of marketing environment.

In modern marketing, the emphasis is on customer-centered marketing concepts, so it is very important to establish a correct marketing concept in the new economic situation.[11] The marketing environment is a diverse and complex system, and its differences, dynamics and uncontrollability constitute an important challenge for enterprises in formulating marketing strategies. In the era of globalization and digitization, the market environment in which each firm operates is unique and thus requires adaptive strategies tailored to the local context. At the same time, the market environment is often in a constant state of flux over time and due to external factors, which places higher demands on the marketing activities of companies. For example, different enterprises differ in their knowledge reserves, operational capabilities, market insights, etc., and therefore their coping strategies in the face of the marketing environment will also be different. Some enterprises may have deep market insights and can accurately grasp market trends and consumer demand, so as to better adjust their marketing strategies.
Others may have difficulty in accurately judging market changes due to a lack of knowledge or experience, resulting in their marketing activities falling short of expectations. Therefore, while enterprises continue to improve their own capabilities, they also need to continue to learn, adapt and innovate in order to better respond to changes in the market environment.

In addition, the dynamic nature of the market environment can make it more difficult for companies to make decisions. First of all, the continuous progress and innovation of technology will affect consumers' purchasing decisions and purchasing behaviors. With the introduction of new technologies, consumers may be more inclined to choose products with more high-tech content, which will push firms to continuously update their products and services. Secondly, consumers' needs and preferences will also change with socio-economic development. As per capita income increases, consumers may pay more attention to quality and personalization, which will lead to the need for enterprises to continuously improve product quality and provide more customized options. Therefore, enterprise marketing activities should not only adapt to the environment but also try to change the environment, only in this way can the enterprise be invincible in the fierce market competition, sustained, healthy and steady development.

4 COMPETITIVE PROGRAMS FOR WEAKER AUTOMOTIVE COMPANIES

To compete over the strong enterprises mainly depends on the market share, the purpose of increasing market share strategy is to convert buyers, the target is competitors, the success criterion is higher than the opponent's market share. It is not impossible to help disadvantaged enterprises to gain a certain market share in the market or even surpass the well-known enterprises, so it is necessary to develop appropriate coping strategies. By fully understanding this brand preference, weaker firms can defeat stronger firms by managing product positioning, price wars, advertising wars, channel wars, and so on. [14] learned that the two most important factors affecting the number of orders in the system are brand effect and offer price, and the most direct way is to start from advertising and product pricing. According to the system prompts, when the lower the offer, the more orders will be; when the brand effect is greater, the more orders. Therefore, many companies choose to use two competitive strategies at this time: price wars and advertising wars, which are designed to attract consumers, increase market share, and gain an advantageous position over competitors.

To see the gap in the amount of orders that can be obtained between one company and another, the first thing to look at is the initial allocation, because the initial allocation represents the production orders that each company can obtain under the first choice of all the merchants in the market, so the gap in the initial allocation best reflects the strength of a company. In addition, the actual quantity is also affected by the maximum order quantity and the secondary allocation, which can not be used as a valid reference for the gap, so we will compare from the initial allocation in this part.
4.1 **Increase order volume with the right pricing**

A price war is a competitive strategy in which companies compete for market share by lowering the price of their products or services. Price wars usually lead to lower product prices and reduced profits, but they may also lead to more marketing volume and market share.

As shown in Figure 4 and Figure 5, under the condition of equal advertising expenses and maximum order volume, even though China Auto 4's brand effect is not as good as China Auto 3 in both years, it can get more orders in the initial allocation because of a little advantage in quotation, even though the difference in number is not big, it proves that Auto 4's pricing has helped the company to take the market share in the market from the other side.

![Fig. 4. Details of Chinese automakers' order bidding results in the third year(left)](image)

![Fig. 5. Details of Chinese automakers' order bidding results in the fourth year(right)](image)
This is precisely because of the setting of a good price, if the effect of price competition leads to the industry to enjoy the dynamic efficiency of the improvement and enhancement, both producers and consumers will benefit from this process. [15] Firstly, it can improve market competitiveness and help the disadvantaged enterprises to compete with their rivals in the market by lowering the price of their products to attract consumers, thus improving the market competitiveness of the enterprises; secondly, by lowering the price, the disadvantaged enterprises can attract more consumers to make purchases, increase the volume of sales, and improve the market share; thirdly, it can break the monopoly of their rivals and attract consumers through the price advantage, thus change the market pattern. However, long-term price wars may lead to a decline in market prices, affecting the profitability of the industry as a whole, especially for disadvantaged enterprises, and easily triggering vicious competition, leading to mutual harm within the industry, so this method is not easy to use in the long term, and may also damage the brand value and image of the enterprise, which is regarded as a low-priced product, and it is difficult to increase the premium capacity of the product.

4.2 Boosting Orders Through Advertising Campaigns

Advertising wars are competitive strategies used by companies to compete for market share through advertising and promotional campaigns. The goal of advertising war is to increase brand awareness, create brand image, and attract more consumers.

As shown in Figure 6, in the third year, U.S. car 2 compared to U.S. car 3 even though the difference in offer and advertising cost is not big, but there is a certain difference in brand effect, which leads to the initial allocation does not get the same amount of orders, for U.S. car 2, its brand trust is far less than car 3 in the market.
As shown in Figure 7, in the fourth year, U.S. Auto 2 invested ten million dollars in advertising, and the growth of the brand effect was immediate, and the order volume grew, surpassing U.S. Auto 3, weakening its position in the market, and laying a good foundation to be able to pull away from U.S. Auto 3’s initial distribution volume in the future.

![Figure 7. Details of U.S. Automaker Order Bid Results for Year 4](image)

As shown in Figure 8, by the seventh year, the difference in branding effects between the two firms is up to nearly 1,200, so at this point in time U.S. Auto 2 is offered more, both managing to get 360 more units than Auto 3 in the initial allocation.

![Figure 8. Details of U.S. Automaker Order Bid Results for Year 7](image)
Advertising wars help disadvantaged companies significantly, any advertisement is a long-term investment in the brand, advertising should try to maintain a good brand image. [16]First, through the advertising war disadvantaged enterprises enhance the brand awareness, help consumers to understand and recognize the enterprise's products, so as to enhance the brand awareness; second, it shapes a positive and good brand image, enhances consumers' trust and good high to the brand, and harvests a large number of loyal fans of the brand, so as to increase consumers' purchase willingness; third, the disadvantaged enterprises can effectively guide and stimulate the consumers' needs and make them realize their demand for products or reading materials, thus increasing sales opportunities. However, excessive advertising investment can put some financial pressure on the company, leading to increased costs, lower profit margins and pressure on financial conditions.

5 CONCLUSION

In today's highly competitive market environment, automobile companies are facing major challenges, but appropriate business strategies can still bring them a competitive advantage and achieve market share growth. In this context, the "price war" and "advertising war" in marketing strategy have become two key tools to achieve the goal, which not only help to expand market share, but also shape the brand image and consolidate market position.

Price wars can attract consumers by lowering product prices, thus stimulating sales growth and expanding market share. However, excessive price competition may reduce profits and product quality, so it is important to balance costs and market demand in price wars to ensure sustainable development. Advertising wars, on the other hand, allow companies to make a lasting impression on consumers by enhancing brand awareness and image. This helps to build consumer trust and loyalty and achieve competitive advantage. However, over-investment in advertising may result in a waste of resources, and the appropriate channels and content need to be carefully selected.

Enterprises need to formulate individualized strategies that comprehensively consider factors such as market environment, product positioning, and target consumers. At the same time, as the market changes, the strategy should be adjusted flexibly to meet new challenges. Emerging companies can learn from their successes, but they need to innovate and personalize in order to stand out. Innovation and continuous optimization are the keys to sustainable growth. By constantly adapting business strategies to market trends and consumer needs, companies can maintain a competitive edge. By continuing to innovate products and services, companies can remain attractive and continue to attract consumers.

To summarize, automobile enterprises can gain competitive advantage and more market share in a competitive market through marketing strategies, especially price war and advertising war. However, strategy choices should vary depending on the firm's situation, and continuous optimization and innovation is the key to achieving sustainable success.
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