STUDY OF DEVELOPMENT STRATEGY OF SELF-OWNED BRAND PASSENGER VEHICLE OF DONGFENG UNDER THE NEW ENERGY VEHICLE ERA

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ABSTRACT

With the continuous development of China, energy security and environmental protection gradually become national strategic issues, and the automotive industry as the national economic development foundation and pillar industry is affected by such two national strategic issues. To get rid of the dependence on imported petroleum and achieve energy conservation and emission reduction, it is inevitable for China to strive to develop new energy vehicle. In recent ten years, the new energy vehicle industry has developed rapidly with the policy support of the government of China. The Dongfeng Motor Group as traditional automobile factory, under the tide of new energy vehicle, bears the double attack from the new power of vehicle manufacturing and traditional automobile factory, and confronts the double pressure of product transformation and improvement of self-owned brand’s market share. The self-owned brand passenger vehicle of Dongfeng is researched in the PESTE analysis, FIVE FORCES analysis and SWOT analysis, and some new suggestions concerning product strategies and market strategies are offered through interview survey, so that Dongfeng Motor Corporation Passenger Vehicle Company can grasp the development opportunity to twist the adverse situation in new situation and can provide certain consideration and reference for the future development of other motor corporations.

1. INTRODUCTION

In recent years, China’s new energy vehicle industry has developed rapidly with the support of lots of government policies. Development Planning of New Energy Vehicle (2021-2035) printed and issued by the General Office of the State Council in November 2020, proposes that, as of 2025, the sales volume of new energy vehicles will reach about 20% of the total sales volumes of new cars. In 2018, there were 1.08 million new energy vehicles in China, ranking the first in the world. In 2021, there were 3.521 million new energy vehicles; in January-August 2022, there were 3.86 million new energy vehicles in China, increasing by 110% on year-on-year basis, and the sales volume of the first 8 months has surpassed that of the whole year of 2021.
Currently, the car stocks of new energy vehicle have surpassed 11 million and is expected to reach 13 million in 2022. Based on the data of China Association of Automobile Manufacturers, in August, the market penetration rate of new energy vehicles has increased to 28%, it is expected that such digital will soon break through 30% with the advent of "golden September and silver October", so, the new energy vehicles would probably achieve the promotion objective of market penetration.

Dongfeng Motor Corporation Passenger Vehicle Company, the state-controlled giant automobile enterprise and one of China’s four automotive groups, introduces the foreign mature products in the long-term development of the domestic market to greatly enhance output and production scale, but overlooks own innovation ability. Its core technology is monopolized by the foreign countries. Although it has injected over 100 billion in product research and development in recent five years, it has been gradually caught in into dependent development due to lack of independent research and development innovation ability. Therefore, it is extremely urgent to establish the self-dependent innovation-oriented strategy. To change the current situation, Dongfeng must introduce, rapidly absorb and assimilate foreign technology level through "learning by doing", "learning in using" and "learning in research and development" for the innovation at a higher level. Dongfeng determines to start the innovation of new energy vehicle mainly because the new energy vehicle has a simpler structure in comparison with the traditional fuel vehicle. There is no traditional engine, gearbox, oil tank, etc. in new energy vehicle, which undoubtedly breaks through the technical barrier of automobile manufacturing to a great extent. At this time, Dongfeng owns strength of technology and cost for the independent innovation development of.

China’s academic circle truly started paying attention to and introducing strategic management in the 1908s, and only spends over twenty years in true research and application. Due to late beginning, compared with the western developed countries, China still has great gap in the strategic management, especially the strategic management theory of the local enterprises. There are many existing research, but those researches haven’t formed intact system, and there are fewer researches on the new energy passenger vehicle industry of self-owned brand, with limited research results. Developed countries, especially the United States, carry out many academic research and obtain many theoretical achievements, but, on account of great differences in the internal and external environment of enterprises, foreign research results aren’t completely applicable to China’s new energy vehicle industry. Additionally, with the deep transformation of new and old kinetic energy, major change would inevitably occur in the competition pattern of domestic new energy vehicle industry. In such background, the self-owned brand-new energy passenger vehicle of Dongfeng is researched to improve the relevant strategic management theories of the industry at a certain level and preliminarily establish the innovation strategy management theory system for China’s new energy vehicle industry. Such research can properly remedy the deficiency of existing theoretical research and is of great basic and theoretical significance in the subsequent further research.

The Dongfeng Motor Corporation Passenger Vehicle Company is researched in this paper. From the perspective of the whole research, the realistic value researched in this paper is mainly reflected in the following several aspects:

First, on the basis of sufficient research on the company's current development situation and development problems, the SWOT analysis method is adopted to confirm the company’s competitive strategy. In this way, the existing problems of
the company in market competition can be solved effectively, and in the future, the company can defeat competitors on the future market of new energy vehicle and grasp the market customers to effectively handle market competition and guarantee the survival and development of the company.

Second, Dongfeng Motor Corporation Passenger Vehicle Company is a relatively representative emerging enterprise in the current development of new energy vehicle, and its problems in the development process are strongly representative and can reflect the common problems of China's new energy vehicle company in the development process to a large extent. Therefore, the research results not only can provide important guidance for the future's competitive strategy of Dongfeng Motor Corporation Passenger Vehicle Company, but also can provide important reference value for other branches of new energy vehicle corporations when establishing competitive strategies, which is of very important significance in fully improving the overall competition level of new energy vehicle corporation.

Third, with the continuous opening of China's automobile market, foreign motor corporations successively march into China's automobile field and participate in the competition of China's new energy vehicle market, which brings huge pressure to China's new energy vehicle industry. Therefore, the research conclusion can provide certain reference for other new energy vehicle corporations when meeting the same or similar problems in establishment of competitive strategy.

2. LITERATURE REVIEW

Self-owned brands refer to famous brands among China's motor corporations with thorough independent patent rights, including famous brands purchased by China's automobile enterprises for research and development of independent products. In China, famous brands with independent research and development include FAW, Dongfeng, Chang'an, BAIC, GAC, Geely, Great Wall Motor, BYD, Chery, etc., and the self-owned brands purchased include MG, Roewe, etc. With the development of China's automotive industry, especially since 2001, China's self-owned vehicle brands have suddenly sprung up, rapidly developed, and become the important fresh force of China's automotive industry. Additionally, a series of issues also exist in the development of self-owned brand. In recent years, the self-owned brand passenger vehicle has been researched incessantly, which focuses on the method to form own technical innovation and industrial upgrading with the national substantial support of new energy vehicle to comprehensively surpass the joint venture brands. Li Yongjun thinks that the new energy vehicle has risen sharply, and the self-owned brands own the strength of industrial chain and supply chain as well as huge customer requirements, which is just the new opportunity.

New energy vehicles, such as hybrid electric vehicles, pure electric vehicles, fuel cell electric vehicles, etc., adopt the unconventional fuel as the power sources. The development of new energy vehicle can reduce the dependence on the non-renewable energy resources, which is needed by the environmental protection undertaking, is perceived as the strategic needs for China to push the transformation of economic development direction and promote the economic growth and is an opportunity of "corner overtaking" for China's vehicle industry. Many experts and scholars have deeply researched the development of new energy vehicles. Based on the macro environment of China's new energy development: Han and Ma (2017), taking the Beiqi Foton Motor Co., Ltd. as an example, focused on analyzing the establishing and promulgation of green policy and its impact on the development of new energy vehicle. Many measures in the policy would push the enterprise
development to some extent and can help each vehicle industry focus on new energy development to practically enhance the initiative for motor corporation to proactively participate in the new energy industry. Cheng (2018) analyzes the subsequent development of new energy vehicle industry from the perspective of industrial chain and points out that the industry chain at current stage has great development space through analysis. Liu et al. (2018) proposes that the parts industry chain still has large development space in current industrial environment and the business opportunity at the present stage mainly covers the "battery, motor and electronic control" system and power battery recovery. Li (2016) arranges the referential experience conducive to China's development after analyzing and summarizing the research and development situation of foreign new energy vehicle products. Liu (2016) mainly researches China's new energy vehicle market, product, technology, etc., and points out that the development space of China's new energy vehicle market depends on the confirmation of next development direction to a great extent. Chen (2016) focuses on evaluating the cost benefit of electric vehicle charging and swapping station and points out that the infrastructure construction condition plays a role in impact to a great extent. Miao (2018) mainly compares specific condition of three kinds of different new energy vehicle products, and proposes the hybrid electric vehicle is more suitable for the current condition and the pure electric vehicles is the key of the next development based on the development condition at current stage. Chen (2018) mainly analyzed the future development trend of China's new energy vehicle industry and its investment value, based on which the overall investment direction of the industry is predicted. He proposed that, from the investment perspective, both opportunities and risks coexist in the new energy vehicle industry at the present stage, and it is necessary to break through from the technical perspective so that the vehicle industry wins a place in the current market competition environment. The development of new energy vehicle depends on the technology research and development level to a great extent. Huang (2019), after research on new energy vehicle technology at the present stage, points out that the application of new technology is conducive to further confirming the characteristics of new energy products, and significantly improving the product performance, etc. Jiang (2018), after analysis of the application condition of new energy vehicle technology, points out that the application of the technology represents the overall technology level of motor corporations to some extent, and also reflects their market competitiveness ability. Liu (2019) mainly analyzed the safety performance of pure electric car, based on which he proposed that the development and test of control strategy is the core step of whole vehicle quality development. Such step gives play to the crucial role in ensuring users' benefits. Liu (2013), taking the Dongfeng new energy vehicle as an example, objectively and comprehensively analyzed the development strategy of Chuanqi energy automobile in current market environment and enterprise's technology condition based on the corporate philosophy and development vision of Chuanqi, and specified that the development of Dongfeng new energy vehicle company shall be based on the technological innovation and the reinforcement of infrastructure construction. Liu (2016) points out that the new energy enterprises shall establish the strategic alliance in the existing social and economic environment and introduce and use the technical pattern of cooperation enterprises in a targeted manner to further enhance the enterprises’ own product competitiveness. Ma (2017) mainly analyzed the market competitiveness of new energy vehicle industry and proposed that the market competitiveness of new energy vehicles produced by enterprises would affect the overall development strategy of enterprises to a great extent. Compared with foreign countries, China researches the strategic
management of new energy vehicle industry late. Based on the existing research on such kind of organizational strategy management, currently, academic circle has achieved certain achievements and effectively discusses the selection of strategic management theory and specific development strategy, which provides solid theoretical foundation for the subsequent research. On the one hand, most of existing research rest on the theoretical level (fewer research based on enterprise level), only propose a little suggestion to the organization and establishment of development strategy, and don’t deeply discuss the specific method, objectives, principles, and problems. On the other hand, the existing research focuses on proposing thoughts and ideas to the development of such kind of company from the qualitative perspective, rather than the deep inquiry of future development strategy through the qualitative research based on the current internal and external environment. The existing research not only lays a solid foundation for the research of this paper, but also provides the possibility for the subsequent deep research.

SWOT, a kind of tool conducive to internal and external analysis, points out that effective strategy arises from company’s internal and strengths and weaknesses as well as external opportunities and threats. It can furthest give play to the company’s strengths and opportunities and reduce the company's weaknesses and threats (Weihrich 1982). SWOT, general tool for decision and strategic planning of various work, summarizes the company's condition, including internal and external analysis, and provides planning perspective for the controlled and uncontrolled variables. SWOT, due to simple use, has become the tool of many managers for selection (Weihrich 1982).

3. RESEARCH METHOD

In combination with the normative research and case analysis, the following several research methods are adopted based on the realistic scientific attitude:

1) Literature research method: The relevant literature concerning the development of new energy vehicle industry is collected, consulted and arranged to research the strategy establishment, product positioning, market development, etc. of domestic and foreign new energy vehicle industry and enterprise and to know about the relevant policies at home and abroad, thus comprehensively understanding the development direction of new energy vehicle industry and providing theoretical foundation for the strategy on new energy vehicle development strategy of Dongfeng Motor Corporation Passenger Vehicle Company.

2) Interview method: To accurately obtain the relevant data needed in the research process so that the relevant data collected can accurately reflect the actual condition of new energy vehicle business of Dongfeng new energy vehicle company, and to ensure the research is more convincing, the interview method is adopted in the research for the face-to-face communication with the company leaders, development department managers, dean and deputy dean of research institute, business department manager, marketing commissioner, etc. in the Dongfeng new energy vehicle company to obtain the research data needed.

3) Case analysis method: To make research results more convincing, the case research method is adopted, and the Dongfeng new energy vehicle company is selected as the specific case object. The SWOT method is adopted to deeply analyze the market environment of new energy vehicle industry, the existing resources of the company, customer condition, etc.
and find out the current existing problems of the company's strategy management, then the Theory of Competitive Advantages is adopted to establish the development strategy of Dongfeng new energy vehicle company again so that the research results are more convincing.

4. CONCLUSION

Dongfeng Motor Corporation Passenger Vehicle Company, a corporation of producing and selling new energy vehicle, has been devoted to the development and expansion of new energy vehicle market a lot in recent years. On the basis of the full arrangement of current domestic and foreign relevant theories concerning enterprise competition strategy, the enterprises' development situation and internal and external environment in the industrial upgrading background are deeply analyzed to establish the innovation strategy suitable for future development of company. The basic condition of Dongfeng Motor Corporation Passenger Vehicle Company is introduced at first, then the current actual condition of company is analyzed from the perspective of strength and weakness. Additionally, to fully know about and analyze the macro environment of new energy vehicle industry and master overall development condition and late development direction of new energy vehicle industry, the PESTE analysis method is adopted for deep analysis of the company's external environment, and the industry development trend, competitive environment, etc. are deeply surveyed to provide basis for establishing late strategy. Then the SWOT analysis and survey interview method are adopted to analyze the strategy of Dongfeng Motor Corporation Passenger Vehicle Company in S0, W0, ST and WT, later, based on which the company's future strategic objectives are confirmed and the future development strategy is selected among overall strategy and competitive strategy, in which the overall strategy shall adopt the strategic alliance strategy, and the competitive strategy mainly adopts the cost leadership strategy. To ensure the smooth implementation of strategy of Dongfeng Motor Corporation Passenger Vehicle Company, it is pointed out that the organization guarantee system, corporate culture, capital, market, brand support, talent, etc. are guaranteed on the basis of fully considering all factors and in combination with current actual condition of company to ensure the smooth execution and expected effect of strategy.

5. SUMMARY

The first part is the introduction, which, as the base component of the paper, comprehensively arranges the development background of China’s self-owned brand vehicle industry, the research significance of researching China's self-owned brand-new energy vehicle industry, and the domestic and foreign research situation, and focuses on introducing the research and innovation points.

The second part is the analysis of the current situation. Based on the actual condition of new energy vehicle or service of China's self-owned brand-new energy vehicle company, the development history and development situation of China's new energy vehicle or service are arranged first, then new energy vehicle passenger vehicle of Dongfeng Motor Corporation Passenger Vehicle Company is researched for deep analysis of the company's new energy passenger vehicle from the perspective of strength and weakness.

The third part is the analysis of operating environment of Dongfeng new energy vehicle company. To comprehensively and deeply know about the current macroscopic environment of the company's new energy vehicle or service, and to
have deeper recognition of the company’s own strengths and weaknesses, opportunities and threats to provide a basis for establishing later strategy, the PEST analysis tool is used to analyze Dongfeng new energy vehicle company from the macroscopic perspective. Additionally, the development trend and competition condition of current new energy industry are deeply analyzed.

The fourth part is the strategic analysis. The SWOT analysis method and questionnaire interview method are adopted to analyze the strategy of Dongfeng new energy vehicle company in S0, W0, ST and WT, then based on which the company's future strategic objectives are confirmed and the future development strategy is selected among the overall strategy, functional-level strategy, and business-level strategy.

The fifth party is the guarantee measures. To ensure the smooth implementation of strategy of Dongfeng new energy vehicle company and the reach the expected effect, the organization guarantee system, capital, etc. are guaranteed on the basis of fully considering all factors and in combination with the current actual condition of the company.

The six party is the conclusion. The research achievements are concluded, and the future research is expected.

6. SUGGESTIONS

On account of the time and ability restriction, plus the limit of all factors in the writing process, certain achievements can be obtained from the perspective of the overall research structure, but great deficiency exists and is mainly reflected in the limited selection of research samples, and the lack of universality. Only the Dongfeng Motor Corporation Passenger Vehicle Company is selected to research the competitive strategy of current new energy vehicle industry, so the selected samples are limited in quantity, and the representativeness of research problems is to be further verified. For the boundedness and deficiency existing in the research, in combination with the current research achievements and future research demands, the capacity of samples can be further expanded in the subsequent research, and more companies can be selected as research objects due to research demands through deep market survey and analysis. The quantity of samples is increased to conclude and summarize the development situation of new energy vehicle industry and the universal aspects of existing problems, thus making research results more representative and universal and improving the research value.

CONFLICT OF INTERESTS

None.

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