

Research on the Marketing Strategy and Price Setting of Road Bicycle Brands: Case Analysis Based on Chinese and Foreign Brands

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Abstract. This article takes Chinese and foreign road bicycle brands as the research object, focuses on the dynamic adjustment of marketing strategies and price settings, and discusses the strategic choices of brands in market competition in combination with case analysis. With the improvement of global health awareness, cycling is loved by more and more people as a healthy way of sports and leisure, and the demand for road bikes as professional cycling tools is also increasing. At the same time, with the acceleration of urbanization, more and more people choose highway vehicles as commuting tools, which can not only protect the environment but also avoid traffic jams, which has also promoted the development of the road vehicle sales market. This article analyzes the current situation of the development of the highway vehicle industry, analyzes the motives of changes in brand sales strategies, focuses on the impact of price reduction strategies on sales performance and brand image, and puts forward targeted response suggestions to provide reference for the development of the industry.

Keywords: Road vehicle brand; marketing strategy; price setting; industrial development.

1. Introduction

In recent years, with the improvement of national fitness awareness and the rise of cycling culture, China's road bicycle market has grown rapidly, and the competition between domestic and foreign brands has become increasingly fierce. Foreign brands (such as specialized, Pinarello, etc.) occupy the high-end market with their technical advantages, while domestic brands (such as Xidesheng, etc.) compete for the middle and low-end markets with cost-effectiveness. Against this background, brand marketing strategy and price setting have become the core of competition, and its dynamic adjustment has a significant impact on the market pattern. With this theme, this article explores the differences between Chinese and foreign brand strategies and the logic of price setting.

According to the 2024 Wild Cycling Industry Development Report, a total of 803 cycling competitions will be held nationwide in 2024, including 354 official competitions and 449 mass activities, with a significant increase in the overall scale. Competitions no longer only belong to the "enthusiast" group. The report points out that more and more competitions integrate amateur and professional players to achieve "one game, more play", which is more popular [1]. Based on the background of the rapid development of road bike-related industries, the purpose of this study is to reveal the intrinsic logic of road bike brand marketing strategies and price setting, analyze the strategic differences and effects of Chinese and foreign brands, and provide direction for domestic brand optimization strategies. In addition, from the perspective of research significance, this study hopes to enrich the marketing strategy and pricing theory of durable consumer goods in theory; in practice, it provides practical suggestions for domestic brands to improve their competitiveness and respond to market changes.

This research adopts case analysis methods, literature research methods, comparative research methods and other research methods. At the same time, it analyzes the current situation of the industry, explores the motives of strategic change, focuses on the impact of price reduction strategies, puts forward response suggestions, and forms a logical chain of "current situation-motives-impact-suggestions".

2. Development Status of China's Highway Vehicle Industry

2.1. Market Size and Growth Trend

2.1.1. Sub heading

In recent years, the average annual growth rate of China's road bicycle market has exceeded 10%, and the market size will exceed 10 billion yuan in 2023. Among them, the middle and high-end market (unit price of more than 5,000 yuan) has the fastest growth, accounting for 45%, reflecting the increase in consumers' demand for high-quality and high-performance products. In recent years, from the new fashion of low-carbon travel to the new way of opening up the social circle, to all kinds of new cycling competitions, the global "cycling fever" has continued to heat up, thus driving the sales of cycling categories. In order to help enterprises in the jurisdiction better seize the "cycling fever", Huzhou Customs provides "one-on-one" accurate guidance to enterprises, answer difficult questions such as FTA tariff rates and accumulation rules of origin, and help enterprises flexibly use the rules of origin and choose the best benefits. Take Zhejiang Deqing Jiusheng Vehicle Co., Ltd. as an example, with the certificate of origin of China-Australia, China-South Korea and other free trade agreements, the tariff on children's bicycles and road vehicles exported by it can be reduced from 5% to zero in the importing country, which greatly improves the competitiveness of the products [2]. Compared with the trend of high inventory and low demand in overseas markets, the domestic road vehicle market has developed rapidly. People's attention to physical and mental health, the rapid development of leisure and sports activities, and the continuous heating of cycling fever have formed an active market environment. According to the statistics of the China Bicycle Association, there are more than 1,800 bicycles and parts manufacturing enterprises above the scale in the country, employing about 170,000 people. The industries are mainly concentrated in the Yangtze River Delta and the Pearl River Delta.

2.2. Brand Pattern and Competitive Trend

China's bicycle market shows a trend of increasing competition and innovation. Domestic brands experience a fierce game in the fluctuation of supply and demand, and changes in consumption trends further affect the market pattern. New brands have increased significantly, such as the road bike brand VOOK bringing the catfish effect with a low-price and high-computation strategy. vook one 2.0, which is only worth 2,999 yuan, can achieve 8.1 kg, with ultra-light frame set, shuntai evs kit and 330tpi competition-grade tires, etc.; technology companies Dajiang laid out the field of electric mopeds and launched the electric mountain bike AmflowPL, which won the EUROBIKE AWARD for its first appearance, attracting wide attention from the market. Through the combination of the convenient shopping experience of online platforms and the in-depth experience of offline stores, the brand provides personalized services for different consumer groups to meet their respective purchasing habits and needs. For example, Xidesheng and JD.com have cooperated on the service model of "online ordering and offline pick-up" to provide riders with better service experience. The brand is at the forefront of road bike and mountain bike sales on the JD platform, becoming the leader in the industry. This online and offline integration model not only promotes the growth of brand sales, but also further enhances consumers' brand loyalty and shopping experience [3]. The new rise of domestic brands in different categories has rapidly occupied market share with innovative concepts, unique designs and cost-effective products, which has exacerbated the fierceness of market competition. The market presents a pattern of "foreign capital dominates the high-end, and domestic capital seizes the middle end": foreign brands (Specialized, TREK) monopolize the high-end market (unit price of more than 20,000 yuan) with carbon fiber frames, transmission systems and other core technologies; domestic brands (Xidesheng, etc.) mainly use aluminum alloy frame products, in the middle and low-end markets (unit price of less than 20,000 yuan) The following seize the market through high cost performance.

2.3. Consumer Demand Characteristics and Purchasing Behaviour

According to the results of the survey questionnaire released by Meiqi.com for 11 consecutive years, the current cycling user group in China is mainly male, most of whom have a bachelor's degree or above, mainly living in fourth-tier cities and above. The number of female cycling enthusiasts has increased significantly, but the overall proportion is still low. The proportion of young cyclists has increased significantly, especially among female cyclists, with the proportion under the age of 30 reaching 65%. The proportion of cycling users in first tier and second-tier cities continues to rise, which is closely related to the continuous improvement of urban cycling infrastructure. In terms of consumption composition, the proportion of road vehicles has reached 78.75%, while the proportion of mountain vehicles has further decreased. Users' consumption of bicycles shows an obvious growth trend, especially the medium and high-end bicycle market has great growth potential. When buying bicycles, consumers pay great attention to the quality and material of the product, the after-sales service of the bike shop, the design style and color matching, the price and the influence of the brand. Located in the Giant bicycle store on Danxia Road in the city, there are novel mountain bikes, road bikes, folding bikes and other bicycles. Helmets, water bottles, cycling clothing and other bicycle accessories are also neatly arranged on the side, providing a one-stop shopping experience for cycling enthusiasts. In the store, several customers are trying to ride their favorite bicycles with great interest, and some customers are asking the clerk to debug their favorite bikes. Jiang Jinquan, the head of the store, said: "Compared with before 2020, the monthly sales of bicycles in the store have increased by 10 to 30 in recent years. Recently, the hot-selling models are mainly flat road bikes suitable for urban leisure and curved road bikes suitable for racing. Among them, novice cyclists are more inclined to choose bicycles with a price of less than 4,000 yuan; the choice of senior cycling enthusiasts is more diversified and personalized. Some senior enthusiasts are keen to assemble bicycles and customize them according to their riding needs and preferences; others prefer to buy bicycles worth tens of thousands of yuan. In addition, helmets, cycling clothes and other bicycle accessories, as well as cleaning and maintenance, door-to-door service, packaging and delivery and other bicycle services are also relatively popular, and the daily sales have nearly doubled compared with before 2020 [4].

3. Analysis of the Reasons for the Change of Road Vehicle Brand Sales Strategy

3.1. The Impact of Cost Factors

Fluctuations in raw material prices and increasing supply chain costs drive brand adjustment strategies. For example, the price of carbon fiber rose by 15% in 2022, and some brands-maintained price competitiveness by simplifying configurations or launching entry-level products. During the epidemic, people's fitness time and place have turned outdoors. Cycling has become a popular way of fitness and socializing, and the demand for road bikes has increased sharply. In 2020, the national bicycle production increased rapidly from 65 million in 2019 to 75.275 million, and the total production reached 76.39 million in 2021, a new high. All brands have set positive sales targets. However, with the easing of the epidemic and the saturation of demand, the overall demand for the bicycle market has decreased significantly. From January to March 2023, the export of bicycles was 8.711 million, down 33.4% year-on-year; the export value was \$828 million, down 21.4% year-on-year. The bicycle inventory of big brands is still high, and the industry is facing a destocking cycle.

3.2. Increasing Competitive Pressure

The homogeneous competition between domestic and foreign brands is intensifying, forcing strategic innovation. Foreign brands squeeze the domestic brand space through "technology decentralization"; domestic brands respond through "cost-effective upgrading", triggering a price war. Brands began to compete through price wars, making the stores with poor profits even less profitable. For example, TREK, a well-known big ring brand, has an epic discount. The price of top carbon fiber

road bikes is halved, the entry-level models have dropped by more than 30%, and some models have fallen below the threshold of 10,000 yuan. Due to the surge in road vehicle sales in 2024, each bike store will choose to replenish the inventory. However, the sales volume in 2025 is far from expectations. Brands have just chosen to reduce prices and promote, but the pressure of market competition has come one after another. Consumers are afraid to take action when they see the falling prices. They only choose cheap models for consumption, which makes the market a dead end.

3.3. Product Renewal

The technology of road vehicles is iterating quickly, and old products need to adjust the inventory through strategy. There has always been a cycle in the bicycle circle. Brand models usually change into big models every three to five years. The timing of the replacement is also the time for the discount promotion of the old model. At the time of renewal, most brands usually have a discount of 20% for models, or within the range of two or three thousand yuan or choose to give away accessories with a price of about 1,000 yuan as preferential subsidies. 2024 is the year when many road bike brands come to make a major change in models, which is of course also a factor that cannot be ignored for discounts.

3.4. Changes in Market Supply and Demand

After the epidemic, the cycling boom subsided, and some brands had an inventory backlog, so they had to stimulate demand by reducing prices; while in the high-end market, due to high consumer loyalty, supply and demand were relatively stable, and the price adjustment was relatively small. Road vehicle brands usually set a national unified retail price and strictly require stores to prohibit low-priced sales. If found, there will be severe fines. Therefore, there was little malicious competition in previous years. However, this year, road vehicles have ushered in a downturn in sales, and the global road vehicle market inventory is generally still at a high level. The excess inventory has put a huge burden on bike stores and retailers, which is the most direct reason for the price reduction.

4. Suggestions for Road Vehicle Brands to Respond to Changes in Sales Strategies

4.1. Optimize Product Strategy

Domestic brands should strengthen core technology research and development, increase the proportion of high-end products, and get rid of "cost-effectiveness dependence"; foreign brands can launch more medium-terminal series to cover a wider range of consumer groups and balance technology and price. The bicycle market is expected to continue to grow in the future, but the market competition will be fiercer. Diversification, cost-effectiveness and technological innovation will be the main direction of market development. Enterprises need to constantly optimize products and improve brand value to meet market challenges. With consumers' attention to health and leisure activities, the cycling boom is expected to continue, providing continuous impetus for the bicycle market. At the same time, enterprises also need to pay attention to changes in the international market, actively expand overseas markets, and improve the international competitiveness of brands.

4.2. Strengthen Brand Building

The brand of road bikes is also an important factor in determining consumers' purchases. For example, Giant is biased towards entry-level brands in the minds of the public. There are a variety of entry-level models, and the price is generally affordable. It is the best choice for commuting to work. While brands such as Pina and Meihua have formed a high-end brand image in the hearts of consumers, and the high selling price seems to have become the consensus of consumers. In order to strengthen the brand image building, domestic brands should convey the "professional and high-end" image through competition cooperation, KOL evaluation, etc., such as sponsoring amateur cycling

competitions and inviting cycling bloggers to test high-end models; while foreign brands can enhance consumer recognition by strengthening local marketing, such as launching limited models in combination with Chinese culture. Agree; expand the Chinese market.

4.3. Expand Sales Channels

Online and offline integration: online display product performance and provide customized services through live broadcast; create experience stores offline, set up cycling simulators and maintenance stations to improve consumption experience. Domestic brands can learn from Giant's "thousand stores plan" to sink into third- and fourth-tier cities; foreign brands can expand cross-border e-commerce and reduce import costs.

4.4. Improve Service Quality

Listen carefully to and understand the expectations of customers and deeply understand the needs and preferences of customers. Like many newly created bicycle companies, Radial has chosen a direct sales model to sell products directly to end consumers to reduce costs. There is a common problem with the general use of this sales method, that is, a large number of fragmented parts are delivered to consumers, and there is no technician's help to assemble them properly. Radial's approach is a little different. They deliver the whole bike to consumers, including fixing the wheels. After receiving it, consumers only need to straighten the handlebars to use it [5]. At the same time, we should improve the after-sales system, such as free maintenance and lifelong maintenance consultation; launch exclusive services for high-end users to enhance user stickiness. Offline road bike stores can actively organize some offline cycling activities, such as cycling tips lectures or group riding that provide logistics support, etc., to enhance users' sense of happiness and gain, and improve the brand and store popularity and reputation.

5. Conclusion

China's road vehicle market is growing rapidly, but there are significant differences in the strategies of Chinese and foreign brands: foreign brands take technology as the core and maintain their high-end image through differentiated pricing and cautious price reduction; domestic brands rely on cost-effectiveness. Although price reduction boosts sales in the short term, it will damage the brand value in the long run. Strategy changes are driven by multiple factors such as cost, competition, supply and demand, and need to achieve sustainable development through the coordinated optimization of products, brands, channels and services.

Case selection focuses on head brands, and the strategic analysis of small and medium-sized brands is insufficient; the sensitivity differences of consumers with different price belts are not quantitatively analyzed. In the future, the sample range can be expanded, and quantitative research can be introduced. In the future, we can focus on the impact of "intelligence" on marketing strategies and the role of the application of environmental protection materials in price setting under the background of carbon neutrality, so as to provide reference for the green transformation of industry.

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