

# Research on Competitive Environment and Marketing Strategy of Small and Medium Auto Parts Import and Export Companies

-- Taking KL Company as an Example

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**Abstract:** In recent years, with the rapid development of the global auto industry, especially in my country, and the country's transition from supporting the self-owned brand vehicle industry to supporting the self-owned brand spare parts industry, my country's auto parts industry has also ushered in a new stage of development. At the same time, the auto parts import and export industry, which is closely related to this industry, has also developed rapidly. Most of the enterprises in this industry are mainly small and medium-sized enterprises. How to explore a path that is truly suitable for the development of such enterprises is worth exploring. This paper takes KL company as an example, obtains the information on the development of the industry in which KL company is located through field investigation and network research, and expounds the general situation of the development of the auto parts import and export industry through the combination of qualitative and quantitative methods, and summarizes. At the end of this paper, it also provides countermeasures and suggestions for the formulation of KL company's future marketing strategy according to the actual situation. This research provides data and suggestions for the formulation of the development strategy of small and medium-sized enterprises in the auto parts industry. Theoretical reference enriches the content of the marketing strategy of the industry.

**Keywords:** Spare parts industry, KL, Marketing.

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## 1. Introduction

Taking the automobile industry as an example, in 2011, the overall production and sales of automobiles in my country declined, and the annual sales volume was only 18.5 million, and the growth rate was at a low position in the past few years. However, the import and export of auto parts still maintained a strong growth momentum. The total import of auto parts for the year reached 32.648 billion US dollars, an increase of 19.30%, and the total export amounted to 53.262 billion US dollars, an increase of 28.76% (Li Yuxian, 2012). The above data show that my country's auto parts import and export industry is developing well. In this case, enterprises should grasp market trends and needs, formulate detailed and scientifically based marketing strategies, and expand the company's import and export business (Tan Lingling, 2012). However, due to the lack of independent innovation capabilities of my country's spare parts manufacturers, no matter in terms of organization, strategy or layout in the technology market, my country's competitive advantages cannot be reflected.

## 2. Research Methodology

The analysis of an objective object can generally be divided into qualitative research methods and quantitative research methods according to categories. Qualitative research focuses on understanding the world as the researcher sees it from their own inner point of view. It emphasizes natural inquiry in a natural situation, and collects data of on-site events in a natural situation. The main research tool is the researcher himself. In quantitative research, in order to conduct objective

and impartial research on social phenomena, it is emphasized that the researcher must be completely separated from the research to avoid bias. This article attempts to combine qualitative research methods and quantitative research methods, not only to grasp the law of the development of things as a whole, but also to avoid subjective bias.

### 2.1. Selection of research methods and strategies

This book mainly discusses two issues. One is to describe the current competitive environment of small and medium-sized auto parts import and export trading companies. On the other hand, it takes KL Company as a case to try to formulate a marketing strategy in line with its actual development. The marketing strategy The formulation of a strategy must rely on an understanding of its competitive environment. According to different research purposes, research design can be divided into two categories: exploratory research ( Exploratory research ) and conclusive research ( Conclusive research ) (Huang Junying, 1996 ). The ultimate purpose of this paper is to draw conclusions. In the choice of research methods, the difficulty is the acquisition of research data. Under the existing conditions, this paper designs a questionnaire to obtain first-hand information. In order to make up for the incomplete survey data and the lack of errors and omissions, this paper also obtains second-hand data through online surveys to supplement, and the data sources are all from authoritative websites. On the basis of quantitative analysis, this paper also chooses the PEST model to describe the development environment of KL company, and uses the SWOT model to analyze the opportunities, challenges and deficiencies that KL company faces. It is a supplement to

quantitative analysis as a whole. Of course, due to the limitations of the research conditions, there are still many shortcomings in the selection and implementation of the research methods in this paper, such as too hasty sending and receiving of questionnaires, insufficient preparation of questions, and too old data collected on the Internet.

## 2.2. Qualitative research methods

There are many qualitative research methods, such as Delphi method, market opportunity analysis method, market threat analysis method and so on. Since qualitative analysis methods are mostly descriptive judgments for a certain thing, by building a model and integrating the results of qualitative investigation into the model, the conclusion of the investigation will be clearer and more logical. Integrating the objectives of this research and the characteristics of the research subject, this paper selects the PEST model which has been used very maturely in the analysis of the macro-environment for analysis. The PEST analysis method is a basic tool for the analysis of the strategic external environment, that is, through political (Politics), economic (Economic), social (Society) and technical (Technology) perspectives or four aspects of factor analysis to grasp overall macro-environment, and evaluate the impact of these factors on corporate strategic goals and strategy formulation.

Using the PEST method to describe the macro environment of the enterprise is mainly divided into the following steps:

- Explain why you are undertaking this activity, what you hope to gain from it and the purpose for which the PEST analysis will be used.
- Try to identify all political, economic, social and technical factors.
- Discuss these factors and see which one may play an important role in your business activities and business strategy.
- Study these influencing factors and gather relevant information.
- Summarize the information gathered and be ready to use it in the next phase of the strategy development process.

## 2.3. Quantitative research methods

Quantitative research is generally carried out to obtain statistical results for a specific research object. Qualitative research has the characteristics of exploratory, diagnostic and predictive. Compared with qualitative research methods, quantitative research methods can reflect objective facts more scientifically and reliably. The results obtained are more convincing.

The purpose of this study must be based on an in-depth understanding of the import and export industry of auto parts, so it is necessary to use the existing data on the Internet. Since this article also needs to formulate an import and export strategy suitable for KL company according to the actual situation of KL company, Therefore, it is also necessary to make a decision by familiarizing with the situation of KL company.

### 2.3.1. Data types and access methods

The data in this paper are divided into primary data and secondary data. The first-hand data mainly comes from my actual investigation of KL company, and the investigation methods include questionnaire survey and field research. The

questionnaire survey is divided into online questionnaires and on-the-spot survey interviews, etc. The main content is to focus on the company's product advantages in the international market, sales status, supplier relationship management status, company's bargaining power, supplier development and other content. The field research is mainly aimed at the company's internal sales staff. Only these front-line sales staff can obtain the status of KL company in the sales of the industry, as well as the advantages and disadvantages of KL company, and I work for KL company. It also provides convenience for the field research; finally, in order to know whether the market strategy formulated by KL is effective and whether the implementation is in place, I also conducted interviews with customers in my spare time. The interviewees mainly involve the middle and high-level management personnel of the company, the heads of suppliers, and the heads of customers. The content of the interview revolves around some major business decisions of the company, market judgments and other decision-making issues, and also includes the views and opinions of the interviewees on the company's own future development and market development. The interviews were carried out by means of on-site interviews, telephone interviews and remote interviews. The secondary data in this article mainly come from the Internet, mainly including China's official statistical reports and authoritative reports released within the industry. These data are relatively credible, relatively objective and true.

### 2.3.2. Data screening and processing

The screening of data is the key to ensure the scientificity and reliability of empirical research, in order to improve the feasibility and credibility of the data in this paper. This paper also deals with the first-hand data collected manually and the second-hand data collected from the Internet. For example, when interviewing the company's sales staff by using questionnaires, we will eliminate invalid, incomplete, and inaccurate data, and the interview objects should try to select those customers who really have a deep understanding of the company's sales situation. When using the network platform for data collection, although the data sources are extensive, we only retain the data provided by official and credible websites. Although some data are relatively authoritative, they are too old and not suitable for use as second-hand data in this article. were also removed.

## 2.4. The scientificity and reliability of the research method.

To achieve the research goal of this paper, we must have a deep understanding of the real development of the auto parts industry. These include the import and export of the industry, the development in recent years and the development trend in the next few years. Assuming that all the above data are collected by myself, due to my limited time and energy, it is undoubtedly a huge workload to complete with quality and quantity. Therefore, this article chooses to collect all kinds of data that can support the conclusion of this article through network research, and the data collected by this method has been strictly screened in this article. Try to select the data from the National Bureau of Statistics, the automobile industry The data released by official authoritative structures such as associations, and the research methods are reliable. While obtaining information through network research, I also used my spare time to conduct in-depth interviews with the company's internal sales personnel, managers and customers

who are deeply related to the research content of this paper. Through their interviews, I also obtained a first-hand understanding of the research content of this paper data and information. On the other hand, in order to reduce the limitations of only data analysis, this paper also selects the PEST model that has been obtained in the analysis of the macro-environment to carry out qualitative research, and combines qualitative and quantitative methods to try to be more comprehensive from multiple perspectives. Analyzing the problem, the research method is scientific.

### 3. Analysis of Survey Results

According to the research goal of this paper, this paper also carried out a targeted investigation. The survey results are mainly divided into three parts. First, the questionnaire data are analyzed according to the results of the questionnaire survey. Secondly, the opportunities and challenges faced by the development of China's auto parts industry are summarized through the results of field interviews and network surveys. Finally, use the PEST analysis method

mentioned above to summarize the macro-environment that KL company is facing.

#### 3.1. Analysis of the basic situation of the questionnaire

In this questionnaire survey, from the perspective of questionnaire types, a total of 137 paper questionnaires were recovered, 78 electronic questionnaires were recovered through mail and other means, and 12 samples that were incomplete and had obvious errors were eliminated, and the number of valid samples reached 203. The sources of the questionnaire are mainly three aspects, of which 21.7% of the respondents are internal sales employees of the company, 61.1% of the respondents are company customers, and the rest are random interviews, accounting for 17.2%. In terms of gender distribution, since the company's sales staff are basically men, the overall proportion of men is relatively high, reaching 82.9%, and the remaining 27.1% are women. The basic situation of the sample is shown in Figure 1.

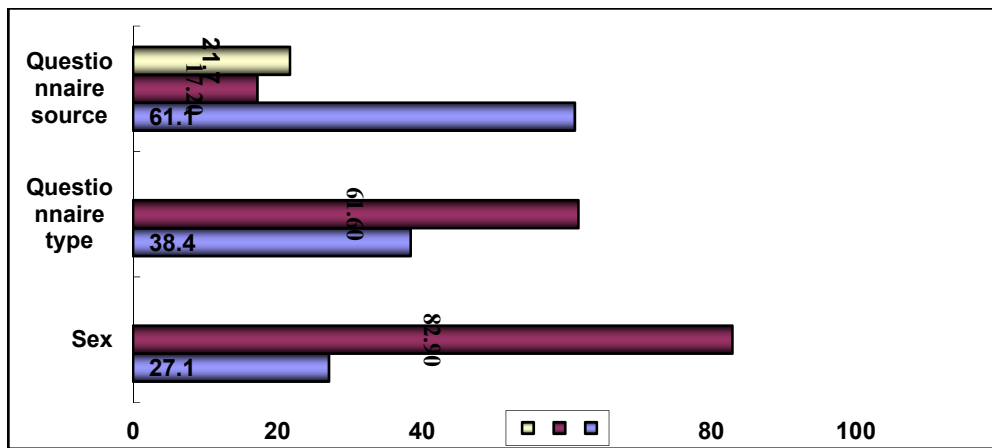


Figure 1. Basic situation of samples

#### 3.1.1. KL import and export overall market situation survey

The real market situation can only be understood by front-

line marketing personnel. As shown in Figure 2, the interviewees gave their own judgments on the current import and export situation of the auto parts industry based on their own actual conditions.

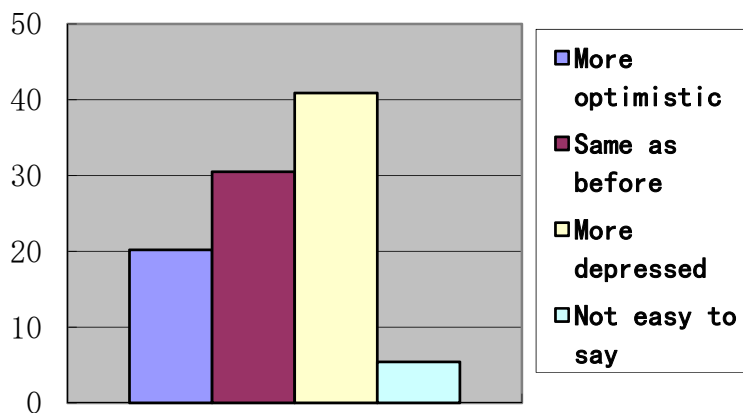


Figure 2. Analysis of the development situation of the auto parts industry

It can be seen from the figure that the rapid development trend of the industry in the past few years is different. About 40% of the interviewees believe that the current import and export situation of the auto parts industry is relatively severe.

Although the proportion does not exceed half, they are cautious about the market prospect. The number of front-line sales staff with attitudes is gradually increasing, which must also be valued by the company's middle and high-level

managers, and marketing policies should be adjusted in due course.

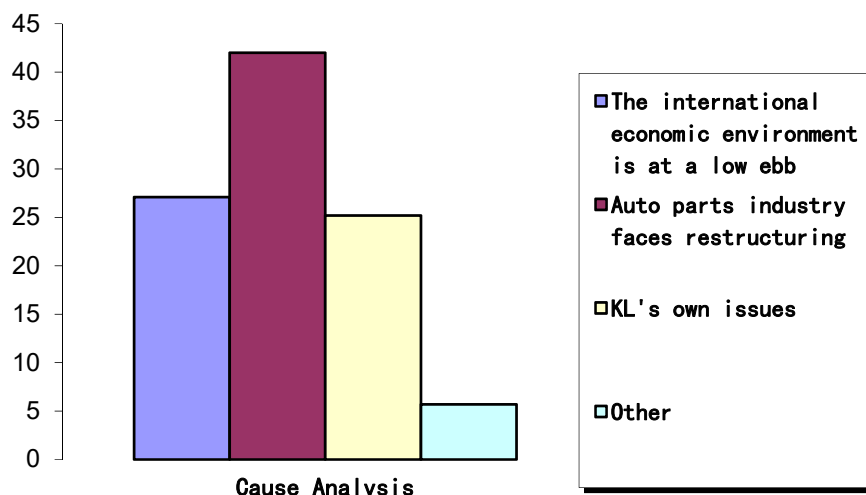


Figure 3. Cause Analysis of Industry Development Situation.

Figure 3 lists the respondents' analysis of the reasons why the current export situation is relatively sluggish. In addition to the uncertain international economic environment, the auto parts industry itself may also face challenges after going through a stage of development. Structural adjustments, some backward and outdated development models are eliminated during the adjustment process, which will inevitably affect the development speed of the entire industry. There are also quite a few respondents who think that it is KL's own problems, such as the small scale of trade and the single import and export products.

### 3.1.2. Investigation on the Characteristics of KL Company's Import and Export Trade

Figure 4 shows the statistical results of the distribution of

KL's main import and export business. The traditional automobile powerhouses in Europe and the United States are still the main import and export markets. This may be due to China's low labor cost advantage, and European and American automobile companies tend to buy high-quality and low-cost automobiles. Spare parts products, thereby reducing the cost of the vehicle. However, it should also be noted that, as the locomotive of the world's economic development, the business volume of emerging economies has also increased significantly, accounting for more than 30%, which may become a new growth point for KL's business development.

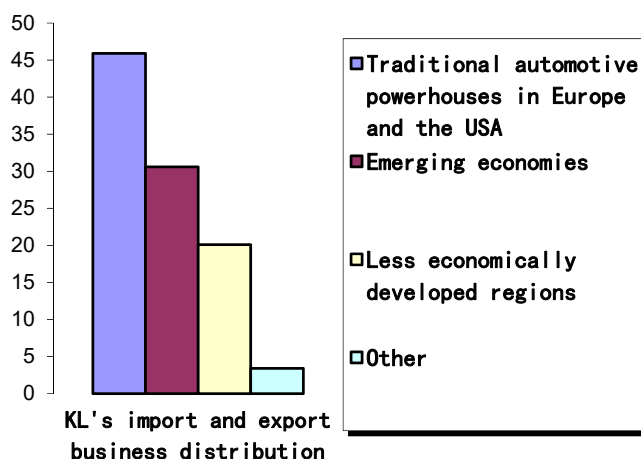


Figure 4. KL company's import and export business distribution

Figure 5 shows the main distribution of KL company's import and export products. It can be seen from the figure that KL company and general auto parts trading companies have the same problem of single import and export products. The driving system accounts for the largest proportion, and the car driving system Its function is to accept the torque from the engine drive train, and through the adhesion between the driving wheel and the road surface, generate the traction force of the road on the car to ensure the normal driving of the

vehicle; transmit and bear the reaction of the road surface on the wheels The force and the moment formed; ease various shocks and vibrations, ensure the smooth running of the car, and work well with the steering of the car to realize the correct control of the driving direction of the car to ensure the stability of the car. The vehicle driving system mainly includes frame, axle, wheel and suspension. The import and export value of brake systems accounted for the lowest share.

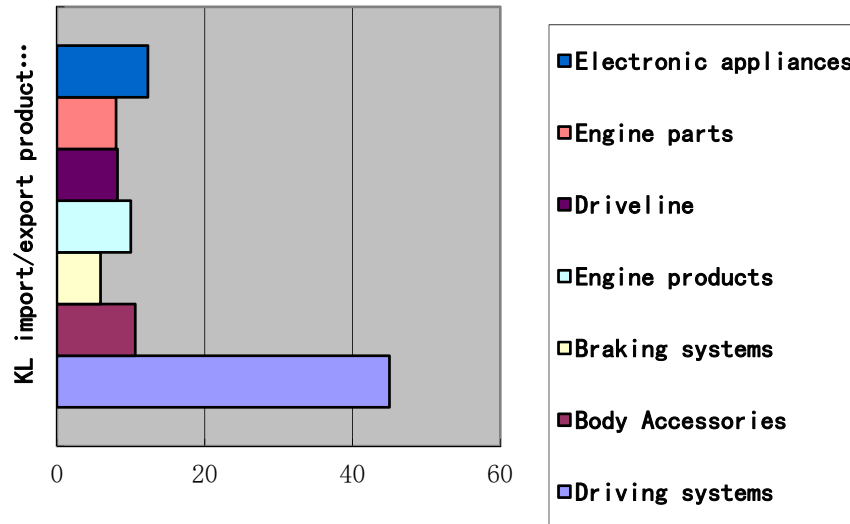


Figure 5. KL company's import and export product distribution

### 3.1.3. Overall Auto Parts Industry Survey

Enterprises must make a clear judgment on the information of the entire industry and the development situation they are facing in order to clarify their own advantages and disadvantages and make accurate decisions. Therefore, this article also takes the customers of KL company as the interview and investigation objects, trying to understand the current development of the auto parts industry.

Through the survey of customers of KL Company, we have roughly estimated the characteristics of enterprises in the auto

parts industry. As shown in Figure 6, the nature of enterprises in the entire industry is mainly Sino-foreign joint ventures and foreign-funded enterprises, and some enterprises produce automobile companies in developed countries. In order to control the entire upstream and downstream industrial chain, the production and sales channels have been opened up through mergers or joint ventures, which greatly reduces their sales costs. In addition, auto parts companies in developed countries in Europe and the United States are engaged in high value-added products. The total export volume is also larger.

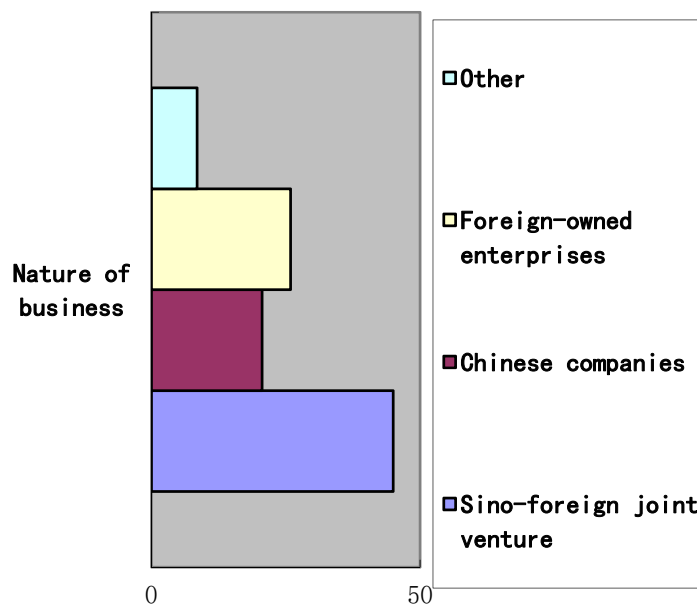


Figure 6. Characteristics of interviewed companies

Figure 7 lists the policies that enterprises or government authorities should adopt in the face of the current import and export trade situation for practitioners in the import and export trade of auto parts. Contrary to expectations, asking the government to further relax policies to support the development of enterprises is not regarded as a top priority by practitioners. More respondents believe that they should start

from the enterprise itself, improve the product structure, and at the same time improve the technical level of products, and improve the enterprise's development. The current market channel strategy is readjusted. However, there are also a relatively large number of respondents who believe that they can choose other means not listed in the questionnaire to adopt strategies.

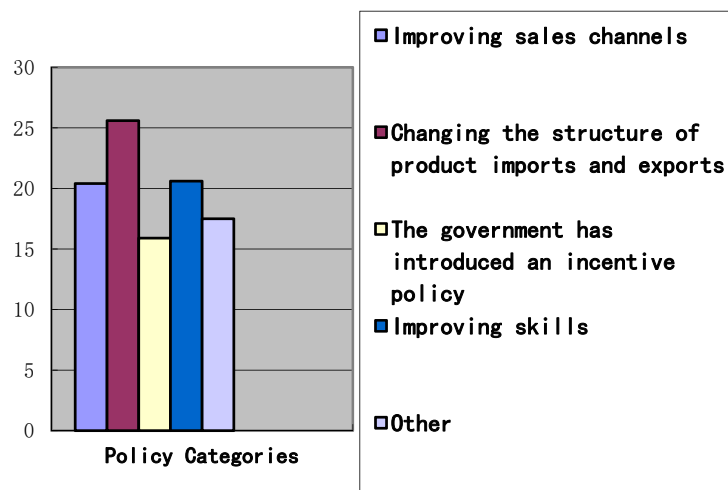


Figure 7. Policy classification

### 3.1.4. Summary

In general, my country's auto parts import and export trade mainly presents the following characteristics:

#### (1) The automobile powerhouse is the main import and export market

First of all, from the import and export market of the auto parts industry, there are similarities and differences in both import and export. First of all, in the same respect, the import and export targets of my country's auto parts are all countries with relatively developed auto industries. In terms of imports, compared with auto powers, my country's biggest advantage is lower labor costs and comparative cost advantages. Therefore, auto parts The main markets for commodity exports are developed countries and regions with the automobile industry. The stage where Africa, the Middle East, and Southeast Asia were the main markets has passed, and North America, Western Europe, Japan, South Korea and other developed countries in the auto industry have become the main markets. Among them, the United States and Japan are the two largest auto parts export target markets. Among the imported auto parts products, high value-added products dominate, and products from countries with strong technical strength in automobile production have obvious comparative advantages, thus becoming the main source of imported products in my country. The differences in the import and export of auto parts are mainly reflected in the differences in market concentration. The concentration of imports is not high, only reaching about 50%-60%. In terms of imports, including Japan, Germany, South Korea, the United States and France, the auto parts of these countries are the main force of imports, and the market The concentration ratio is very high, reaching about 80%.

#### (2) The overall export situation is relatively severe

In recent years, due to the impact of the macro environment, policy environment and the industry's own problems. The overall export situation of my country's auto parts industry is relatively severe. The main reason is manifested in the following aspects. First, since the outbreak of the global financial crisis, Sino-US trade frictions have followed one after another, and Chinese steel products, coated paper, seamless steel pipes, solar products, etc. have all been involved. The auto industry is also doomed. More than 180

members of the U.S. Congress collectively proposed to President Obama that the U.S. government take severe countermeasures against Chinese components. As the supply of Japanese spare parts companies resumes, the competition for spare parts companies from domestic companies will also intensify, and corporate profits may drop sharply. On the other hand, due to the poor competitiveness of China's export parts and components, low technical content, and too little added value of products. Compared with their counterparts in developed countries, domestic auto parts companies lack strong competitiveness. On the contrary, due to the obvious technological advantages, major multinational auto parts companies including the United States have eroded more than 70% of China's market share, and the import of China's auto parts industry may continue to increase.

#### (3) Import and export are mainly Sino-foreign joint ventures and wholly foreign-owned enterprises

In my country's auto parts import trade, most of my country's auto parts are imported by Sino-foreign joint ventures and wholly foreign-owned enterprises, which shows that the cars produced by these complete vehicle companies basically occupy the high-end market of my country's cars. From the perspective of exports, although the total export volume of foreign-owned enterprises and Sino-foreign joint ventures only accounts for 30% of my country's total export of auto parts, the export volume accounts for 70%. It should be seen that my country's auto parts companies exist. The problem is more serious.

## 4. Conclusion and suggestion

As mentioned above, this article spends a lot of time introducing the current situation of the development of the auto parts industry, including the macroeconomic environment, import and export, etc. But the ultimate purpose of this article is to provide suggestions for the formulation of KL company's marketing strategy. Before that, it is necessary to have a deep understanding and understanding of the company's competitive environment. Based on the descriptions in the previous chapters and referring to relevant materials, this paper finds that the industry competition environment faced by KL Company mainly presents the following characteristics:

**(1) The growth of auto parts exports will slow down significantly, and the overall trend will increase.** The low cost of raw materials and labor is the core competitiveness of my country's auto parts companies, but this competitiveness is unsustainable, and the rise in production costs will also affect the growth of the industry, which will affect the auto parts companies engaged in by KL. Exports pose no small challenge.

**(2) Import and export structure is unreasonable.** The irrationality of import and export institutions is mainly manifested in two aspects. One is the irrational structure of import and export countries. First of all, in terms of automobile imports, because of the high added value of products from strong automobile manufacturers with strong technical strength, they can bring relatively large profits to import and export companies, and thus become the main source of imported commodities in my country. In terms of exports, countries with developed auto industries such as Germany and the United Kingdom are also the main ones, accounting for 50.7%. The United States and Japan are the two largest export target markets for auto parts. The second irrationality is the irrationality of the export structure, showing a trend of "two highs and one low", that is, most of the exported commodities are "low technology, low added value, high energy consumption" products. At present, driven by the rapid development of the automobile industry, auto parts have shown a trend of rapid development, but the position of auto parts export in the supply chain of the international market is still very fragile, and the whole is still at a low level, the scale is low, the strength is scattered, and the development investment is small, and the means are backward. The products produced have low technological content, and the export shows the characteristics of large emissions and serious pollution.

**(3) The overall trade mode is relatively simple.** In China, there are still many ways to implement import and export trade. Common ones include general trade, processing and assembly trade with incoming and imported materials, equipment leasing trade, small border trade, equipment and articles imported by foreign-invested enterprises as investment, Outgoing processing trade, inbound and outbound goods in bonded warehouses, transit goods stored in bonded areas, and imported equipment in export processing areas. According to China Customs statistics, general trade accounts for almost 90% of China's import and export value, and other forms of trade account for a relatively small proportion. General trade refers to unilateral import or unilateral export by enterprises with import and export rights in China. of goods. The import and export of goods aided by

loans, the materials imported by foreign-funded enterprises for processing domestic products, and the export of finished products processed by foreign-invested enterprises with domestic materials or products purchased by themselves are all counted as general trade statistics. From the point of view of the receiving and shipping areas of import and export business, most of them are distributed in areas with complete vehicle production in the region. However, in recent years, automobile foreign trade enterprises in Zhejiang Province and Fujian Province have also gradually developed, including KL Company. Small and medium-sized foreign trade companies have entered the aftermarket of foreign automobiles through agency and integration, and after several years of development, they have gradually formed a scale.

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