Chevrolet brand analysis

Arguably, some have continuously emphasized that Chevrolet might not have probably been started in the United States of America, but given its associated innovative linkage with the American giant car-making company General Motors. Although evidence has shown that his involvement in the auto manufacturing was very brief, Louis Chevrolet a Swiss-born, car race driver and also as entrepreneur, has practically lends his name to the millions of Chevrolet customers. Louis Chevrolet is said to be born in a town called La Chaux-de-Fondson, in Switzerland in the year 1878. As young as he was then, the man called Chevrolet had always had a strong passion for anything in automotive and was part of the good reasons that made him to excel in his auto mechanic work. Precisely in the year 1899, Chevrolet got a job to work for a car manufacturing company in Darracq, it was in this job that Chevrolet thoroughly got his automotive education specifically in the area of combustion engine. This interesting job was seen as the opportunity that gave Chevrolet enough money that assisted him in immigrating to the North America.

There in New York, the energetic humble man continued his experience in the automobile workshops in New York and also started to race many Buick cars. During this racing career, Chevrolet met William Durant, the known founder of the General Motors. After this unification, both Chevrolet and Durant formed the Chevrolet Motor Car firm, specifically in the year 1911. But this relationship wasn’t long enough due to their individual creative differences. Notably in these differences is that Chevrolet was quoted as wanting to specialize in the high-end luxurious cars, but Durant on his own part wanted to continue his style of producing affordable cars that the common people could afford. After this discrepancy couldn't be resolved, Chevrolet ad to eventually sell his own interest and shares in the Chevrolet company to Durant in the year 1913.

Notable among the brands that Chevrolet offered to its customers are the pickup trucks, midsized Bel Air, truck based vehicle for Suburban passengers, panel vans, Camaro, Impala and Malibu, etc. Below is a picture of one of the earliest Chevrolet cars:

2. 0 Executive Summary

This case analysis practically presents a detailed and comprehensive look at operations of Chevrolet brands, specifically the Daewoo GM brands on their European brand policies, market analysis and the internal and external core competencies. A glance at the coming reports shows that the case analysis is divided into five (5) sections, with the first section talking about the marketing situational analysis of Chevrolet Daewoo Europe brands, starting with brief introduction of GM and Chevrolet alliances. Internal and external analyzes of Chevrolet's current situational analysis and its strengths, weaknesses, opportunities and threats. Section two talked about the identification and definition of currents problems as it affects Daewoo European brand and the likely impact that this Midas group could positive have on it. Section three concentrates on the generation of alternative solutions that could help in solving the problem. Section four is more on the evaluative procedures of the newly generated alternatives. Section Five spoke on the recommendations from the Midas group and how they have successfully arrived at those alternative recommendations. Section six is on implementations procedures and the basic requirements for successful implementations. Section seven conclude and gave a brief description of the case study reports. Importantly, under the core competence explanations this case study critically describe those competence strategy that Daewoo Europe possesses, its value chain analysis in Europe and the combined SWOT analysis that will assist in creating the needed essential strategic policy recommendations that will positively positioned GM Chevrolet and Daewoo Europe in this vise global competitions. In presenting these core strengths, necessary examples were given as they relate to GM, Chevrolet and Daewoo European markets ad competitors strengths.

To better achieved the desired results; the Midas group primarily concentrate on areas on improvements in product development and related technology and engineering processes that might influence Daewoo brand's image in Europe. However, the abilities that could helped the Midas brand team to achieving the corporate target that was given to them includes but not limited to the threats and some crippling internal product weaknesses that arise from competitive costs that requires GM strategic attention. The team realized that GM needs to reposition itself as the company that has global innovative strength to compete with its competitors. Especially in Europe the team realized that Daewoo brands have continually been plagued with many issues including ranging from lack of internal cost control and managements' shortsighted strategies. To effectively reactivate this, part of the team's suggestion is that GM Chevrolet brands in Europe need to close the existing gap that is between the reliability of its products' perception and its actual market innovations and quality for its vehicles. The company was advised to involve all its staffs to be more dedicated on products excellence in every units of its operations rather than involving in a slow and bureaucratic type of decision making. Finally, the identified that Chevrolet Europe need to critically redefined its concentration on issues that affects its Europe markets core competencies and how it could be repositioned to suit General Motors Corporation Global strategies, this they believe will ensures that Chevrolet Europe and GM in general will remain a very viable and good contender in this ever changing automobile industry.

3. 0 Situational Analysis

3. 1 External environmental analysis

3. 1. 1 General environmental analysis

In this case, Europe is the largest passenger car producer in the world. Of the 42 million passenger cars produced worldwide in 2003, 41 percent were produced in Europe. Western Europe alone accounted for 36 percent of worldwide passenger car production. Europe is also the global leader in new passenger car registrations, representing 43 percent of all new passenger car registrations worldwide. (Exhibit 1)

3. 1. 2 Industry Analysis

The European passenger car industry distribute Five Western Europe countries-Germany, the UK, Italy, France, and Spain-recorded about 74 percent of new European passenger car registrations in 2003. New passenger car registrations in 2003 increased 0. 6 percent over 2002. This increase followed two consecutive years of declining new car registrations. Total new passenger car registrations in Europe in 2003 were 4. 4 percent lower than 2000 registrations. Industry analysts in Europe were forecasting a 1 to 2 percent annual increase in new car registrations for 2004 and 2005. (Exhibit 1)

3. 1. 3 Market Analysis

From this case, as we know, the Europe passenger car market is highly competitive. Some 20 automakers offer more than 50 brands in over 200 models. Eight automakers are prominent in Europe: the Volkswagen Group, the Peugeot Group, Renault, Ford, GM, Fiat Group, DaimlerChrysler, and BMW. These automakers commanded 83. 9 percent of new passenger car unit sales in 2003. Nine brands marketed by these eight automakers accounted for 69. 2 percent of new passenger car unit sales in 2003.

The European passenger car market is typically described by car size and body type. Small cars(including microvans and compacts) have an interior volume under 3. 12 cubic meters and are referred to as city cars or small family cats. Medium-size cars have an interior volume between 3. 12 and 3. 40 cubic meters and are called large family cars. Executive cars are defined as a passenger car larger than a large family car, but not SUV. Small cars accounted for 34. 2 percent and medium-size cars accounted for 46. 1 percent of annual new passenger car registrations across Europe in 2003 with only modest differences between countries in Western and Central Europe.

In general, European passenger car buyers tend to perceive automakers and brands on the basis of national origin and manufacture. The largest European automakers have strong national identifications. To German-based companies, German brands stand for quality and technology. To France-based companies, French brands stand for innovation and comfort. To Italian-based companies, Italian brands stand for style, but suspect quality. As a further generalization, European automakers' brands evidence prominent market shares in the countries for which they are strong identified.

Finally, European car buyers also have distinct perceptions of cars and service based on continent of origin, namely, Europe, America, and Asia. (Exhibit 3)

4. 0 Internal Environment Analysis

4. 1 Evaluation of the Mission and Evaluation of the Objectives

In this case study, the brand strategy manager Barbara Riibel was charged with the responsibility of convening a group called the Project Midas marketing group mainly in the early part of year 2004. The primary purpose of this group gathering together was to brainstorm and craft out a strategic positioning statement on how to positively position the Chevrolet brands in Europe. Very important is that this marketing team has to engage this task without changing the existing Daewoo GM product lines, Daewoo model characteristics, existing GM retail prices, European dealer practices, or the existing distribution channels.

This Midas marketing group has to specifically design for Chevrolet a new saleable brand positioning strategy upon which the European market could be expanded. Importantly, the current Daewoo brand positioning in Europe has been confirmed as having a unique situation and tactical challenges that demand urgent response. Doing this will require this team to strategically think on how to re-specify the current Daewoo brand positing without having to ordinarily change or halt the existing product lines. They are required to carry on with the existing product models, and also maintain the same types of dealers with their current operating policies and practices. Meanwhile, based on the current news from European car industry, Daewoo markets and consumers insights research have been left unattended to for a long duration prior to the initiation of this Project Midas team. Finally, the primary task of the Midas team is to create strategies that will resonate the European car buyers; and put in place policies and strategies that will complement the known General Motors' global image through its multi-brand portfolios in the mind of European buyers; and finally to implement branding strategies that will assist the Daewoo Europe to be consistent with the global perceptions of GM and in particular the Chevrolet brands.

4. 2 Evaluation of the Functional Areas

Europe is the second largest global regional market for GM Corporation after North America. About one-fifth of total company unit sales are derived from Europe. GM in Europe reported net sales and revenues of U. S. $27. 5 billion in 2003 compared to U. S. $23. 9 billion in 2002.

Financial stability returned to the brand in late 2002 following the formation of GM Daewoo Auto & Technology and GM Daewoo Europe. Unit sales increased to 132, 200 passenger cars in 2003. A sizeable portion of this sales gain came from southeast European countries.

In this case, the GM Corporation has three main passenger car brands; they were Opel/Vauxhall, Saab, and GM Daewoo. Opel/Vauxhall accounted for 87. 1 percent of GM Europe unit sales in 2003. This brand is sold in 30 European countries (the Vauxhall brand is sold exclusively in the UK) and features 16 models in the small, compact, and medium-size car segments. Saab registered 4. 5 percent of GM Europe unit sales in 2003. The Saab brand is sold in 33 European countries and features two models in the medium-size car segment. GM Daewoo represented 8 percent of GM Europe unit sales in 2003. This brand is sold in 32 European countries and features six models, five in the small/compact car segment and one in the medium-size car segment.

Chevrolet Human Resources department campaign and they realized that there are succeeding in cutting bureaucracy and problem-solving on the spot because they tried to incorporate 7, 000 Go Fast workshops, savings of $500+ million. Chevrolet wins the award for general excellence in Workforce Management Optimums in 2004 they campaign in order to turn managers into strategic partners. The centralization that cut across GM give room for talented people in organization to rise to the top 180% they also double the number of women at the top 450 they introduced globally standard training program.

4. 3 Evaluation of Marketing Strategies

The Chevrolet brand was virtually unknown among European car buyers in early 2004. Research in Europe indicated that less than 1 percent of European car buyers were aware of the Chevrolet brand name and bowtie logo. From this case, we can see the European passenger car market is traditionally segmented on the basis of car owner social status and value orientation across national boundaries. The traditional blue collar segments include skilled blue-collar workers who are flexible in their brand selection and willing to spend money on cars. This segment represents 12 percent of car owners. The GM Chevrolet brand is identified with the smaller lower middle class in this segment. Because Chevrolet is new brand to European people, so, it target market is lower middle class.

4. 3. 1 Product Development Strategies

The product development was Successful in engineering from decentralized structures with eleven (11) different engineering centers in US to formed one globally integrated products development organization. The On Star pioneering dramatically developed two new technologies in 2009 with pilot program, MapQuest and the On Star Stolen Vehicle Slowdown Service.

4. 3. 2 Pricing Strategies

In this case, we can see the Chevrolet brand implement low price policy. For example, the Matiz car price from 8, 000 to 10, 300 and car type of Kalos price from 10, 000 to 12, 500. However, the Chevrolet brand car quality is not very good.

The customer satisfaction was given more concentration in 2006 and this is done increasing the campaign of dealer customer service satisfaction. 2. In 2008 Chevrolet attained to the second of top 3 spots in J. D. Power survey on customer satisfaction related to dealership work, the Chevrolet attained these honor of all 8 brands above industry average.

4. 3. 3 SWOT ANALYSIS

Strength

The GM Chevrolet has a large scale in its company operations which primarily includes it's over 21, 000 General Motors's dealerships worldwide. Its current growing businesses especially in Latin America and Asia Pacific regions are very high and profitable. These among many other strengths formed the basis upon which it practically benchmarked its quality and cost improvements processes via outsourcing with those companies that are highly skillful in those processes. Only in 2006 Chevrolet recorded an increased of about 25% of the parts that were used in its US assembled cars parts came from the overseas plants. Very good among the company that Chevrolet associated with was Cerberus, a relationship that eventually leads to better improvements for Chevrolets operations. Chevrolet's value pricing strategy, a policy that involves eliminating those frequent incentives program that were used in the past also generate high profit improvement through cost reductions. Chevrolet radical policies in its products development processes also assisted it in better recognitions. Importantly, only in 2007 it spent $8. 1B for research and development, manufacturing and redesigning engineering, products development engineering, designs and other developmental activities.

Record also shows that Chevrolet recorded the highest in the annual car productivity improvements among all the automakers between 1999 and

2004 making it the fourth largest producers of cars in the world. Chevrolet associations with the noble On Star communications, an automotive industry's leader in telemetric provisions and the control of electronic stability was also another huge success for the GM brands. The appoint of new management teams has also helped Chevrolet and GM in general to be able to establish new strategies that uplifts it organizational culture and better source of funding. Chevrolet ability to rise in the credit ratings of GMAC was also a big plus that has positively uplifted its global image. Chevrolet and GM management policies of depending on only one globally based budgeting and decision making processes has strategically assisted in its ability to long term operational efficiency. The stability in Chevrolet could also be attributed to the company's policy of solely depending on US engineering companies. Its ability in forming strategic alliance with companies such as Daewoo, Fiat, SAIC, Isuzu, Suzuki, Saab, and the AvtoVaz, has tremendously lead to the high education it got on global entrances. Last but not the least is that GM brands were able to strongly captured the majority of US market share.

Weakness

Decreasing in the value of market share was a major issue that Daewoo brands was facing in Europe as at 2004, eventually eroding its sales to a ground level of about 23% loss in market share. Due to this continuous loss in market shares, Daewoo eventually increase the level of debts that was hanging on GM brands. This issue of debts is outside the problems that are arising from the resale values that accrue to Daewoo from rents of fleets, and other corporation usage. Similarly while the company was trying to increase its incentive programs, it noticed its market perceived value greatly depressed. Other cost related issues that faced the company includes sudden increase in staff's health care cost and retirees benefits claims. Its Europe work force was also at the verge of Ageing in population. Some of the internal causes are not even that major, but what about issues of poor quality performances of Daewoo products in Europe markets. These quality performance problems led to the recalls of many cars, further declining the company's financial performance. Many experts including Midas team also argued on issues arising from pricing strategies, unwarranted vertical integrations that was implemented by the company due to the management's abuse of government assistance and over attachment to bureaucratic culture.

Opportunity

Most among the many opportunities that GM brands got includes the recent increase in the demand by consumers for the modern electric, hybrid or hydrogen cars that are produced with cells. The potential markets for the new products are estimated to be about 4. 5M units that will be purchased in the year 2013. The recent increase in its level of technological development of cars as also put GM brands over its major competitors. GM's ability in utilizing viable global designs through its dynamic engineers that have been putting their talents together has helped the company in reducing its brands lifecycles and achieving lower costs with higher qualities. Also GM has started a new policy of engaging in new individual products brand positioning strategies that will help it in distinguishing its most known eight vibrant brands globally. The company has also started building new opportunities via a strong positive consumer confidence in the brands by expanding its markets to the most profitable emerging markets globally. It has also started forming strategic alliances with best companies' On-Star system, Apple or Google etc. Recently the global corporate management of GM have also announces its decisions to produce new types of model styles in its series of brands. This they said is prior to the knowledge that they got from joint ventures that they did with Toyota.

Threats

The unending increases in the prices of raw materials and transportation costs between 2007 till date have serious negative impact on GM's ability to expand its operations. The effects of the global financial crisis have also led to the decline in customer demands for GM products. The continuous increase in pension debts and the sudden decline in infrastructural spending by the USA economy have also negative impact of the future development of Daewoo Europe, Chevrolet and overall brands of GM. The recent in global increase in other countries currency valuation against the US dollars has led to serious high cost of exportation, and if not properly managed, this may further jeopardize the company future hope. The existence of foreign firms like Toyota, Peugeot, etc that are manufacturing in the United States and in Canada potentially threatens the future survival of GM brands.

Major GM competitors like Toyota and Honda is said to have a better perceived value in terms of reputation in better product qualities if compared with GM brands. Some recent legal suits against GM brands also threaten its current positive images around the world. Complains against the Chinese producers lack of the required intellectual property rights as astringed by government and its major competitors is a major concern for the GM management. The need to probably eliminate some of its fleets due to recent increase in environmental requirements is another major future concern for the management of GM. The legislation and regulations by the US Federal law makers on emission standards are also major issues of concern for the GM management to urgently attend to. Below is exhibit 11 that aptly captured the SWOT analysis of Daewoo Europe:

5. 0 Identification of Problem/Opportunities

Evidence from the automobile industry has shown that despite the overwhelming large scale levels of operations that the GM Company has, still the company is said to have series of many areas of concerns which required immediate attention for it to be able to sustain its long and short term values for its customers, stakeholders and the shareholders. Very important is that in 1999 the known Daewoo Motor group of Companies was declared as being bankruptcy mainly because of its heavy debt that has burden its capability. Over the next two years, the company lost its momentum in Europe as well as other markets. Financial difficulties and an inconsistent marketing strategy across Europe eroded unit sales in 2001 and 2002.

Product issues remained in the development and quality arena while its car prices had increased. No significant marketing initiatives had been undertaken and brand advertising was limited. According to one General Motors executive at the time, " GM Daewoo's image is still the seller of cheap imported products. We need to focus on the strengths of the brand and avoid selling on price." This loss is the result of poor product quality, lack of consumer appeal, lag in alternative fuel technologies, inefficient plant production, and a saturation of similar car models amongst their brands. Due to these factors, consumer perception has plagued the company’s sales, resulting in a steady decrease in market share across all platforms.

6. 0 Development of Strategic Alternatives

A critical analyzes of the case study reports revealed that the reports primarily explored what specific potentials that the GM Daewoo customers might probably want from any type of car brands. The findings revealed that GM Daewoo European customers mainly want a reliable brand that will go out of its know culture and bring for them a product that is very distinctive in quality, value and durability. In such all what the EU Daewoo customers want is reliability of a brand. Their major concern for this is that they generally believe that as car buyers they have their independent rights in expecting the best from a brand that they will buy with their hard earned income. What mainly forms this notion is that the potential customers of GM Daewoo are anticipating a brand that would deceive or stereotype perceptions. Rather, what they want is a type of brands that would positively embrace and engage their individual desire and personal expressions for the brands.

GM Daewoo Positioning Study: Based on the outcomes of the Midas team that was headed by Barbara Riibel, who happen to be the brand strategy manager for EU markets. The Midas group conducted their study with 35 consumer they called the focus groups in five major European countries. Under this heading, they have six positioning strategies and concepts to be tested. These concept terms includes Smart, Easy, Honest, People’s Car, Spontaneous and the Challenger. For each of these concept terms, the Midas team identified some target insights, the attached emotional benefits, the expected functional benefits, and the expected brand attitude. For visual perusal of the outcomes of their findings, below is Exhibit 12 which noted the strengths and the weaknesses of each strategy. However, the Midas team strongly suggested that the Chevrolet Daewoo Europe company should emphatically adopt the Challenger concept as its first choice. Next to the Challenger strategy is the Smart as the second choice. Although this case analysis shows that no action was eventually taken on the outcomes of the teams' findings because of issues surrounding brand conversions from the GM Daewoo to that of Chevrolet Daewoo.

7. 0 Evaluations of the Strategic Alternatives

From this case, as we know, one of the Chevrolet main plans is product reliability; this involved the consumer perception and production facilities. All products throughout GM indicate a quality assurance problem and it lack quality control systems. almost half of GM's models are said to be below average in reliability. This research recommends that Chevrolet should continue to expand on its successful, Go Fast internal campaign that kills the slow, bureaucratic process which were disclose as a fundamental weakness in the SWOT analysis. Therefore, the GoFast program is a single designed introduce to fix a problem on the spot to be able to destroyed future meetings. In March 2004, Chevrolet recovers savings of over $500 million from the implementation of GoFast. Research shows that Chevrolet is know for a history of cars leaving their plants with unaddressed problems in order to reduce the number of reported defects. There are series of report like inadequate seatbelts, faulty brakes and missing bolts. Recent there is a lawsuit; this involved downgraded report on vehicles since 2005. Chevrolet tried to introduce a kind of more quality check points in the production with an open platform for the employee to show their concerns and make ensure each vehicle produced is flawless.

The consumer have more interest in residual value when they buy a car or when leasing it out and it most be noted that American cars have not go to the level of top ten for Kelly Blue Book resale value in many years. Chevrolet posted lower resale values for some years because of its overproducing of vehicles to gain market share. By so doing, less attention was given to high quantity instead its builds high quality small vehicles, in order words inefficient SUVs. Was opposed, in 2007 only one out of the Chevrolet company car received a reliable rating, this was published by consumer Reports. And also the Chevrolet cars were rated two lowest reliable cars. The Chevrolet cars was demanded to reduce, so the company car was devalue and they have to sells many cars to rental fleets, and this further undermined the GM vehicles' resale value. Chevrolet further continue to reduces the cars prices by given high discounts, this problem destroyed on the face of their customer and also tarnished customer perception and affect resale value. The Japanese that are automakers and the leaders in reliability ratings, the Chevrolet should used the strengths of these Japanese companies to form a competitive parity and competitive advantage. The fuel-efficient vehicles are a reliable segment of the automotive market reported by the Consumer Report tests. The Hybrid and high MPG models these includes Honda Fit, Smart ForTwo Scion xD, and Toyota Yaris all these cars was able to earned above average predicted reliability rating. Chevrolet strategies a way to introduce or develop more fuel-efficient vehicles, that will bring back or encourage the consumer perception of its product reliability. This research recommend that Chevrolet should do something to over come the weak consumer perception through implementing public relations and advertising campaign, Chevrolet must show the customer that the company has overcome the problems of the past and confused them the problem have been fixed and taken care of, the company needs to show that they have improved in reliability within consumer reports.

8. 0 Recommendations and Implementations

Looking at the analyzing make from the internal structures GM through some case studies, company data, and good journal article, to maintain long team growth and stability they must address many things in the company.

Chevrolet must look in to consolidating its brand portfolio. Will be a great success for the company in order to gain market share and build a stronger brand image.

In this case, Chevrolet Europe must address how to make customers more confidence in their products, to increased investment in advertising, because this case we can see increased advertising investment can make their own brand awareness higher, greater, and in increased advertising investment at the same time, their products must carry out strict quality control, because the quality is the life of a product, there is no guarantee of product quality is no way out. Furthermore, should do their Chevrolet brand in Europe customers attach great importance to product quality and product positioning, product positioning if a very accurate, then the product will get customers of all ages. Finally, the Chevrolet company should launch a new product, the entire European car market and car manufacturers to do the survey, so that you can identify the market demand, accurate positioning of the product price, to win the European market.