

Band Development Strategy Study of Shanghai Roewe

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Abstract

In the basis of discussing Roewe's band development and strategy, this article analysis Roewe's brand development strategy detailed by the tools of SWOT analysis and put forward further improvement strategy.

Key words: Brand; Strategy; Roewe

1. Introduction

October 12th 2006, SAIC motor officially announced its first own-brand cars named Roewe, and intended to take "innovation award, dignity universal." In the past seven years, the rapid development of the Roewe, have launched a variety of popular passenger cars. Its products have been covered mid-size and high-class car market. "Science and technology" has become its brand labels.

2. Band Overview of Roewe

Roewe originated in the Rover brand, which has more than a hundred years of history and was once the banner of the British automobile industry. It has a pure brand of British aristocratic descent, and has created countless classic cars in their development process.

Rover Company was founded by John Camp Sdale and William Sutton co-funded production rear-wheel drive bike in 1877. In 1903, Rover began to study the auto transport company, and produced the first one eight-horsepower cars in 1904. In 1907, Rover cars into high-speed development period, Owen Clegg designed 2.3L 12 hp models became the first volume of sales exceeded twenty thousand models. Between 1933 and 1939, Rover began to enter the peak period, annual sales increased from 5,000 to 11,000; net profit soared from £7,500 to £200,000, completely out of the economic crisis. The next 20 years, Rover sustained the brilliance. It launched P4, P5 and other models, become a truly royal car.

After World War II, the United Kingdom eager to join the EEC and abolished tariff barriers, this makes the British motor industry unprofitable. In order to cope with the severe situation, the British car factory began to move toward union. In 1968, Rover, Triumph and Jaguar merged Leyland Group. Meanwhile, the British government began to implement tax policies to promote consumption, the decline of British motor unable to meet consumer surge in consumer demand, the influx of cheap Japanese cars took the opportunity. In 1977, in order to resist the Japanese brand competition, Leland began to cooperate with Honda. In 1986, Graham Day Jazz sold Leland's many subsidiaries. In 1988, Rover bought by British Airways, all new cars produced can be used Rover's logo, this greatly reduces the Rover brand value, and the Rover car from the Queen became ubiquitous economic models. Six years later, British Airways sold Rover to BMW. BMW has tried to restore Rover's luxury brand value, but the effect is subtle. March 2000, for Rover, BMW will lose their patience and subsidized to the British Phoenix consortium, with the addition of an old British sports car brand MG co-founded MG-Rover company.

In 2006, SAIC acquired the world-renowned automotive manufacturers Rover Motor company's high-level products ROVER75 and ROVER25, including their vehicle intellectual property rights. On this basis, SAIC set up overseas (Europe) R & D center, and developed Roewe sedan.

3. Brand Strategy of Roewe

3.1 Brand Elements of Roewe

Philip Kotler had said that brand is a name, term, symbol or design, or a combination of them. Its purpose is to identify a particular seller or group of sellers of products or services, and make the same competitor products and services to distinguish.

3.1.1 Brand Name

The naming of Roewe intended to take "innovation award, universal dignity". It incorporates traditional Chinese elements, embodies the spirit of self-improvement and rich cultural heritage, and also conveys classic, noble bearing. Its English name "Roewe", from the German root Loewe (lion), and integrated blend together a variety of meaning. With "R" led is intended to convey the meaning of innovation and dignity.

3.1.2 Brand Logo

The overall structure of the logo is a solid and firm shield, while maintaining both the traditional and simple modern, has a strong distinctive.

The overall structure of the logo is a solid and firm shield, both simple and modern in keeping tradition. Its uniqueness is strong, which means that their products reliable respected quality, and Shanghai Automotive determination to innovation and international development. Logo is make up of red, black, gold three color. Red represents Chinese traditional warm and festive, gold represents China's rich, black is a symbol of majesty and solemnity. Lions guard the middle of the pattern is a Chinese table. Chinese table is a classic Chinese culture totem symbols, it not only contains the nation's dignity, but also has the vision, pray boat prosperity, moral and harmonious development. Two logo standing oriental lion represents good luck, dignified and solemn, while the lion is a symbol of the king and courageous spirit in Western culture.

Logo design fully explained the Shanghai Automotive to self-control, self-belief in innovation, advanced technology and world heritage, and the new international brands to shape China's determination and confidence.

3.2 Market Positioning of Roewe

The first part of branding is to segment the market and find brand competitive differentiation. Roewe brands position in the high-level. It desire to create a full range of models cover A0, A, A+, B and B+, meeting customer's needs in all market segments. Roewe's rivals would be Camry, Teana and the other Japanese cars. And qualitative difference between competitors, its emphasis is elegant and noble lineage. From the listed models, Roewe has largely equipped the factors with the joint venture brand competition. Especially second-generation models listed this year's Roewe 950, becoming the first own-brand cars to enter Class B + segment market, which monopoly by the joint venture long-term.

Roewe described its own target customers as the social enterprising group of family. They are fast-growing group just as Roewe. They are opinion leaders in their own living area, inherited the traditional life of the classic fashion and aesthetic taste, advocating temperament and connotation, and have a negligible impact to the traditional or the modern mainstream crowd. They have brand concept, pay attention to the quality of life in particular to understand the origin and meaning of the classic. They have a social responsibility and treat the cause of innovative and breakthrough awareness. The following table describes each models of Roewe's market positioning

	Roewe350	Roewe 550	Roewe 750	Roewe 950	Roewe W5	Roewe E50
Target customers	Main consumer groups in the A-class car market	Post-80's generation	Middle class	high-level crowd who have faith	Emphasis on the performance of urban SUV lovers	consumer has a strong financial background
Market positioning	Sedan	All-digital car	Fashion classic British style	Senior public and commercial vehicles	Interdisciplinary Professional SUV	Urban boutique pure electric automotive

3.3 Roewe brand's core values

The brand's core values is a commitment that brand can deliver to consumers the most important, the most difference in value. Roewe put his brand core values as "classic, innovation and self-control" that rely on the world's top R & D team, and always pay attention to the market trend changes while heritage classic British style, self-control, to enjoy the dream of independent living. Roewe's value and positioning accurate express the company's vision and differentiation with other auto companies.

3.4 Brand Promotion Strategy of Roewe

On the company's branding, the main strategy of Roewe includes advertising, brand launches, show, public relations activities, sports marketing, cultural marketing and so on. These strategies build an effective communication channels to business and consumers.

Roewe usually held new product launches to promote their products to customer groups directly. At the same time they also use the opportunity of large auto shows across the country to promote products and corporate values. In terms of public relations activities, Roewe sponsored a series of well-known sporting events, such as the Shanghai Masters snooker, etc. July 29th 2012, SAIC's "interdisciplinary professional SUV" Roewe W5 took some media reporter in opened a new round of "measured" campaign in 2012. This theme entitled "Measure the frontier, Tribute to hero" which starting from Kunming, walking 920 kilometers to reach the Wenshan Zhuang and Miao Autonomous Prefecture.

3.5 Brand Marketing Strategy of Roewe

On the marketing strategy, Roewe has two options. One is from the high-level market and then goes down slowly in the product penetration; another one is cut from the low-level and then slowly moves upwards. Roewe decided to choose the first strategy after summed up the domestic independent brand's experience because of the low-level brand image once formed among consumers, and then it is very difficult to move upwards.

In 2007, Roewe introduced its first models Roewe 750 that positioning in the high level market. Although facing tremendous selling pressure, the Roewe 750 withstood the bottom line price. Subsequently, it launched 550,350 and the other models which have been highly recognized by consumers.

3.6 Brand Service Strategy of Roewe

SAIC vigorously promoting their own brand building, while also enhancing the service brand building. On its own brand cars ancillary services, the Roewe brand will build a better service than the joint venture, thereby creating a differential advantage. Compared to foreign brands, Roewe more concerned about the needs of Chinese consumers and has the ability to development directional according to the characteristics of the Chinese market and Chinese consumer demand.

In 2006, Roewe launched its own service brand "Elite Experience", which is first including the marketing, sale, used car finance and other aspects of the service brand. August 15th 2011, Roewe spend 60 million yuan to push Roewe "home McNair repair" services and products, primarily to the "home-style" service mode and more than 50 services for features. Its range of services related to vehicle detection, repair, maintenance, etc. For a second-tier cities and the third and fourth tier cities in different regions characteristic, respectively, Roewe launched the "home service" and "roving service [1]".

In early 2012, the number of home McNair repair's services from 50 to 70, including for the engine, the air conditioning system upgrades and other services launched, and increased to 80 in August, covering the four-tier cities. Since the "home McNair repair" launched for one year, provide on-site services for nearly 3,000 times, satisfaction rate of 100%. In 2009, China JDPower service satisfaction rankings, Roewe got the fourth place, which is our own brand for the first time into the top five.

Roewe became the first revolutionized 4S shop service model independent brands, changed the way people in the past the idea of car service, and promote the industry service models undergo fundamental change.

4. SWOT analysis of Roewe brand strategy

4.1 Strength

Good social reputation. SAIC's joint venture subsidiary Shanghai Volkswagen and Shanghai GM bring a good reputation and confidence to SAIC.

Such a good reputation will also be transferred to the Roewe brand, so that consumers believe that the Roewe brand can provide equivalent products and services and so on as joint venture.

Advantages of technology. SAIC owns all intellectual property rights and core R & D team of Rover and established R & D centers in the UK. It has strong R & D capabilities.

Group's extensive experience. SAIC has 30 years of experience in operating a joint venture brands, and also has the advantage of sourcing channels aspects.

Adequate financial support. SAIC is China's largest automotive group, and also is the world's eighth largest automotive group with total assets of 228.84 billion yuan. It is the ninth consecutive year aboard the world's top 500 enterprises list, has strong economic strength.

4.2 Weakness

Shorter time to market. Roewe has been listed only seven years since 2006. There is no representative of the product and social awareness is lower. And because the first product Roewe 750 emerged series of problems such as cold car without brakes, gear shift feel sweaty, etc. Some consumers began to reconsider whether to buy.

Rover brand awareness in the country is low. While Rover is a century-old world-class car, its awareness in our countries is still very low. A considerable portion of consumers do not know this brand. Moreover, the company's bankruptcy cast a shadow to Rover brand.

Fewer models and the new models list are slow. Relative century-old rivals, the Roewe relatively weak due to technical reserves, the new models to market is difficult to match the rhythm of the market development.

4.3 Opportunity

Government's strong support for own-brand cars. In 2009 the State Council issued the *automobile industry restructuring and revitalization plan*, indicate that government support to develop the own-brand cars and new energy vehicles. This creates a good political environment atmosphere for Roewe's development.

The tendency of government procurement. MIIT announced *the 2012 annual party and government organs of public service vehicles selected models directory (draft)* in February 2012. It covers cars, multi-purpose passenger cars, sport utility vehicles and new energy cars including 400 varieties of candidate models. These candidates are all independent brand cars. This reflects the government's determination to further promote the reform of the bus with a legal means; clear national policy tends to support own brand vehicles. This also facilitates the Roewe brand into the field of public service vehicles.

Vacancy of own-brand cars of high-level automotive market. Currently in the domestic market, the brand often takes low-cost strategy, which will share the huge domestic market in high-level give a joint venture brands. It will be a great opportunity to develop Roewe brand.

China lacks the British Department car brand. By the domestic auto market in Germany and France led the European, Japanese and Korean models and the U.S. Department of the third world, the lack of English-line models. Roewe just fill this gap.

Access to international markets. Rover is a automotive brand with an international reputation. Roewe can make use of its influence on the world market and make its own brand international.

4.4 Threat

Negative impact of own-brand car. For a long time, China's independent brands open the market at low prices. While this makes it a significant sales growth, gave consumers the impression left a poor quality. In recent years, car companies have introduced high-level models and trying to break the bad impression. But they still can't compete with the joint venture brands. As the new entrant of independent brand, Roewe can't get rid of people's negative impression of own-brand cars.

An increasingly competitive market. China has become a huge potential market, almost all international car brands have entered China, and some will even shift their Asia-Pacific headquarters to China. They will be China as an important part of the global strategy, our own-brand cars' living space was severely squeezed.

5. Policy recommendations to optimize Roewe's brand strategy

Strengthen the Rover's high-end, international image. Roewe brand and technology is derived from the Rover, and strengthen Rover brand image is equivalent to strengthen the Roewe's brand image. Rover has a good reputation in the international arena, but less well-known in our country. Roewe can improve the their brand image indirectly by enhance Rover's brand awareness.

Large-scale public relations campaign for the product in order to enhance product awareness, strengthen brand image and enhance product advantages. Roewe can carry a wider range of public relations activities in the original basis for brand positioning groups, strengthen brand image and enhance visibility.

SAIC can make use of the joint venture brand highlighting its R & D capabilities and high quality. Shanghai Volkswagen and Shanghai GM in the domestic market has a good reputation, with the same group as the Roewe, they achieve a shared and even with the same production platform with joint venture brands in many areas.

Enhance service quality, and establish service brand. The best way to spread the product is word of mouth. To create a high-quality service brand can not only to increase consumer trust and loyalty of the Roewe brand, but also to help spread the Roewe brand, make it more convincing.

SAIC's Roewe brand cars are produced after the acquisition of the famous car brand ROVER vehicle technology, and it has a pure British descent. Although SAIC acquired Rover, it still has a good reputation in the international market, in which case the rush to abandon the international market really is not a wise choice.

6. References

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