

Chapter 1

Introduction

Background and Significance of Research Problem

After China's entry into the WTO, the scale of China's automobile market expanded rapidly, and China fully integrated into the world automobile system. Nowadays, the car has become nearly completely integrated into our life, affecting our lives with no substitute everywhere, thus forming a huge car market. In the past five years, the Chinese automobile industry, through several years of rapid growth, steadily established the status of the world's automobile production country, and clearly became a strategic industry of the country. With the rapid growth of automobile output, the automobile industry increasingly played a driving role in the national economic development. The added value of the automobile industry accounted for about 2% of GDP, and the total output value of the automobile industry reached 1.01-billion-yuan, accounting for about 1.4% of GDP (Ao, 2019). The development of the automobile industry provided a huge space for the development of steel, materials, chemical, information electronics and other industries, promoted the technological upgrading of related industries, and directly boosted the development of the after-sales service industry, financial industry and other service trade fields, provided 20 million jobs, and the position of the automobile industry as a pillar industry of the national economy was basically established (None, 2019).

New energy vehicles were one of the strategic emerging industries. Starting from the demonstration project of "1,000 new energy vehicles in ten Cities" in 2009, China's new energy vehicle industry made remarkable achievements after nearly ten years of development. In 2019, the sales volume exceeded one million, accounting for more than 50% of the global market share. China's new energy vehicle industry entered the growth stage from the introduction period, with the ownership penetration rate of less than 2%, and the future development space was huge. Since the official launch of "863" major electric vehicle projects in 2001, the industry had experienced three development stages: strategic planning period (2001-2008), introduction period (2009-2015), and growth period (2016-now) (Gao, 2021).

In 2010, the sales volume of new energy vehicles in China was only 8,159. In 2018, the sales volume reached 1.256 million, with a compound growth rate of

87.5% within nine years. A total of 20.11 million new energy passenger vehicles were sold globally in 2018, of which the Chinese market accounted for 1.053 million, more than the rest of the world combined. In terms of penetration rate, China's new-energy vehicle sales reached 1.256 million in 2018, accounting for about 4.5 percent of the total automobile sales; By June 2019, the number of new energy vehicles in China was about 3.44 million, while the number of traditional fuel vehicles had reached 250 million, and the penetration rate of new energy vehicles was less than 1.4%, showing broad room for growth (Chen, 2019).

The government attached great importance to the development of the new energy vehicle industry, and introduced a full range of incentive policies, from fund subsidies for research and development, double credits for production, financial subsidies, and tax breaks for consumption, to unlimited license purchase for use, and charging concessions for operation, which almost covered the whole life cycle of new energy vehicles.

Since entering the 21st century, with the outbreak of China's automobile industry, not only did multinational automobile companies and state-owned enterprises invest more and faster in the automobile market, but domestic private enterprises also stepped into this industry and injected capital to participate in the competition. At present, China's new energy vehicles are mainly passenger vehicles, with commercial vehicles as a supplement, and pure electric vehicles as a supplement, along with plug-in hybrids. Cities with the largest sales volume of passenger vehicles are concentrated in Beijing, Shanghai, Guangzhou, Shenzhen, and other cities with limited license plates. Data from 2019 showed that customer groups were gradually penetrating into second and third-tier cities without limited license plates. The proportion of A00 cars decreased, while the proportion of A-class cars increased. Private consumers became the main purchasing force in the field of new energy vehicles.

Founded in 1995, A Co Co., LTD. (hereinafter referred to as "A Co") was a high-tech private enterprise listed in Hong Kong. At that time, A Co had built nine production bases with a total area of nearly 7 million square meters in Guangdong, Beijing, Shaanxi, Shanghai, and other places, and had set up branches or offices in the United States, Europe, Japan, South Korea, India, Taiwan, Hong Kong, and other places. The total number of employees had exceeded 130,000.

A Co's Shenzhen company was founded on February 10th, 1995, with its headquarters located in Shenzhen, Guangdong Province. It was a high-tech private enterprise with four core businesses: electronics, automobiles, new energy, and rail transit. The legal representative was Wang Chuanfu. The company established more

than 30 industrial parks worldwide and achieved strategic layout on six continents. A Co's business plan covered the electronics, automotive, new energy, and railway industries, and played an important role in these industries, from energy collection, storage, and utilization to creating comprehensive zero-emission new energy solutions. In March 2023, A Co and Nvidia reached a cooperation intention, and the two sides would start developing smart cars powered by NVIDIA DRIVE in 2024 (Longgang, 2021).

A Co Co., Ltd. was the general distributor of A Co passenger cars and electric vehicles, mainly engaged in the marketing, wholesale, and export of the above brand passenger cars, electric vehicles, and their components, as well as providing after-sales services. The company was also involved in the R&D and sales of automotive electronic components, the research and development of key components for new energy vehicles, and the research and development and sales of the above components and so on.

The emergence of new energy vehicles as a national strategy necessitates clearer and more long-term policies for the automotive industry's healthy, stable, and sustainable development. The new energy vehicle sector should adopt a market-oriented approach and fully leverage its competitive advantages. A Co, a pioneering company in China's new energy vehicle domain, stands at the forefront in terms of its product line, production scale, product quality, and performance. This paper examines the opportunities, threats, strengths, and weaknesses within both the external environment and internal landscape of A Co's new energy vehicle industry. Drawing upon its unique circumstances, the company selects the optimal competitive strategy to enhance its core competitiveness and align with its long-term plans.

Analyzing and studying A Co's management practices regarding the competitive strategy of new energy vehicles is beneficial in several ways. Firstly, it enables A Co to examine its internal and external competitive environment, as well as its strengths and weaknesses. Secondly, it facilitates the development of effective competitive strategies, allowing A Co to accumulate valuable experience and enhance its core competitiveness. Ultimately, these efforts contribute to maintaining higher profits and ensuring the long-term success and legacy of the company.

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Research Objectives

1. To study the competitive environments of A Co.
2. To formulate the sustainable competitive advantage strategies of A Co.

Scope of the Study

In this research, the theoretical model was combined with the case method to study A Co competitive strategy. The specific use of macro analysis and micro analysis methods was combined, and charts were also utilized for research. Relevant literature, databases, and other materials were consulted, and continuous analysis was performed to understand and master the core ideas. Finally, the competitive advantage and competitive strategy model were effectively combined as the theoretical guidance of the article.

The theoretical models used in this paper included enterprise competitive strategy management theory, PESTEL analysis model, Porter's five forces model, Core Competences, external and internal factor evaluation matrix, etc. The paper mainly analyzed the macro environment and industrial environment of A Co through field research and studied the competitive advantages.

This topic discussed the competitive strategy that A Co should have adopted from two aspects of internal and external environment. In order to gain a comprehensive understanding of the actual situation and acquire necessary information, it was essential to employ information and data collection techniques. Moreover, it was crucial to thoroughly evaluate the expectations of stakeholders, suppliers, and the impact of external macro environment changes. This examination would ensure a comprehensive understanding of the situation and enable the retrieval of the needed information.

In addition, the study selected A Co and conducted interviews on experts and questionnaires on the company's internal staff. The study used questionnaires to survey internal staff and investigated the current market competitiveness of the company, including industry analysis, consumer purchasing factors, and competitor analysis. Additionally, combining the company's actual data, the study conducted EFA external factor evaluation matrix, and IFA internal factor evaluation matrix of different levels of the company (senior, middle, and grassroots) to evaluate the overall

factors. The study used the SOTAR Analysis for the company's overall development strategy and chose a suitable overall sustainable competitive advantage strategy. Finally, the study put forward strategy implementation and measurement guidelines.

Conceptual Framework

The research adhered to the conventional approach of "identifying problems - analyzing problems - solving problems" in order to thoroughly examine A Co.'s competitive situation. Initially, the study employed the PESTEL analysis method and the five forces model to assess A Co.'s external environment, considering both the enterprise and market conditions. This process helped identify and summarize the current opportunities available to the company. Next, the research analyzed the core competences of the company, taking into account factors such as enterprise governance, marketing management, after-sales service, human resources, financial status, development technology, and enterprise management information system to identify the company's strengths. Finally, the research employed SOTAR analysis to identify sustainable competitive advantage strategies for A Co, and the study provided strategy implementation and measurement guidelines as shown in Figure 1.1

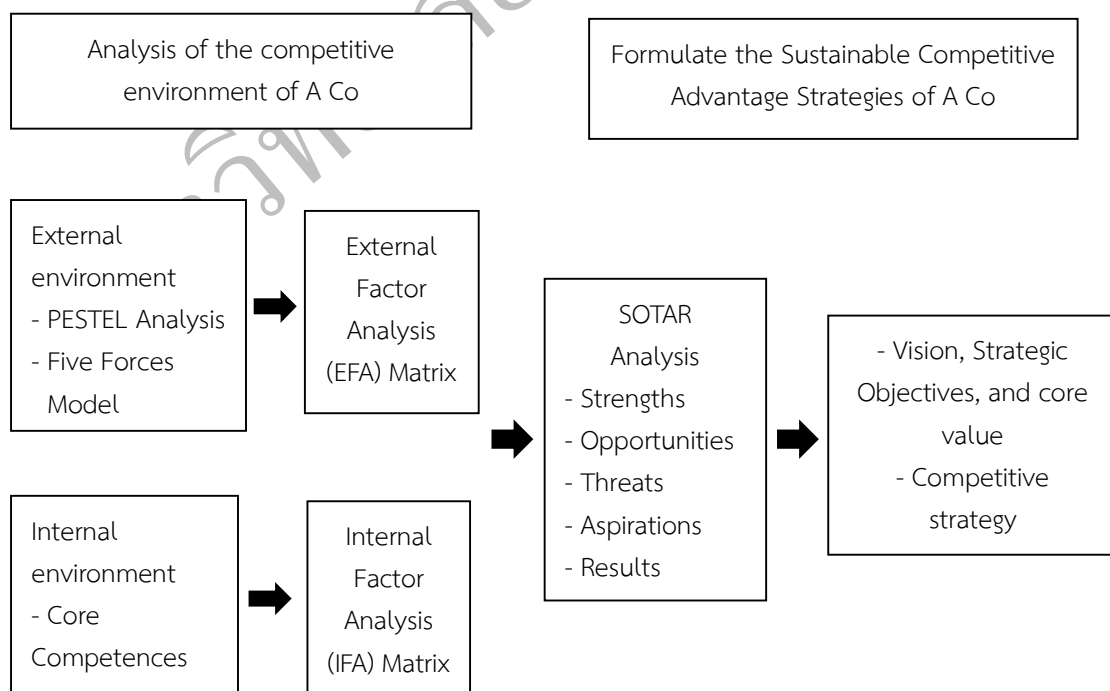


Figure 1.1 Conceptual Framework

Sustainable competitive advantage (SCA) is crucial for the success of leading Electric Vehicle (EV) enterprises in the business industry. One commonly used tool for achieving SCA is the SOAR analysis, known for its simplicity, ease of use, and tangible goal setting for businesses (Stavros, Cooperrider, & Kelley, 2003). However, researchers have found that SOAR analysis overlooks external factors that could hinder an organization's success. In a study by Aghazadeh (2015) on the SCA strategy, they emphasized that a comprehensive strategic planning tool should consider both internal and external factors to ensure sustainable growth and competitive advantage. In the rapidly evolving EV industry, external factors such as government regulations, technological advancements, and the emergence of new competitors pose significant threats to leading EV enterprises' sustainability and competitive advantage. Therefore, to address this weakness, the researcher added the concept of threats (T) to the SOAR analysis framework, resulting in SOTAR analysis. This inclusion of threats in the conceptual framework is expected to improve the overall effectiveness of the analysis and contribute to the theory, methods, and practical application of SCA strategy in the EV industry.

After examining the available literature, the researcher discovered additional studies that reinforced the weaknesses of SOAR analysis within the context of research on the SCA strategy for leading EV enterprises. A study conducted by Bhatta, Ohe, & Ciani (2020) revealed that SOAR analysis failed to consider external factors that could hinder the success of an organization. The authors emphasized the importance of a comprehensive strategic planning tool that takes into account both internal and external factors to ensure a company's long-term growth and competitive edge. Within the EV industry, external factors such as government regulations, technological advancements, and the emergence of new competitors pose significant threats to the sustainability and competitive advantage of leading EV enterprises.

The importance of analyzing external factors for a company's competitive advantage was highlighted in a study by Duncan, Ginter, & Swayne (1998) and Distanont & Khongmalai (2020). Their contention was that the examination of external factors aids organizations in recognizing possible opportunities and threats within their industry. This, in turn, enables them to formulate successful strategies for preserving or enhancing their competitive standing. Hence, the incorporation of Threats within the conceptual framework, as exemplified by SOTAR analysis, can furnish a more all-encompassing evaluation of the competitive environment in the electric vehicle (EV) industry and facilitate the identification of potential opportunities and threats. This approach can assist leading EV enterprises in developing and implementing effective

SCA strategies to ensure their long-term sustainability and competitive advantage in the industry.

Definition of Terms

1. New Energy Vehicles

The United Nations organized the United Nations Conference on New and Renewable Energy in 1981, where they defined new energy as the utilization of modern technologies and materials to develop and recycle traditional renewable energy sources. The primary objective is to achieve the unlimited use of energy through modern production techniques, thus replacing fossil energy that is both limited in resources and causes environmental pollution. The conference aimed to promote cyclical renewable energy sources such as solar energy, wind energy, ocean energy, biomass energy, hydrogen energy, and geothermal energy. New energy vehicles serve as an alternative to traditional fuel vehicles. Due to the relatively late start of research in this field, a unified definition of new energy vehicles is currently absent.

In June 2009, China's Ministry of Industry and Information Technology released the "Regulations for the Management of New Energy Vehicle Production Enterprises and Product Access." These regulations provide a definition for new energy vehicles as those that utilize unconventional fuels or conventional fuels with new power devices and advanced technologies for integrated vehicle power control and propulsion. The category of new energy vehicles encompasses hybrid electric vehicles, pure electric vehicles (including solar vehicles), fuel cell electric vehicles, hydrogen engine vehicles, and other similar vehicles (Wang, 2022).

New energy vehicles are automobiles that utilize non-traditional fuel sources or incorporate innovative on-board power devices in addition to conventional vehicle fuels. These vehicles integrate advanced technologies in power control and vehicle propulsion, resulting in vehicles that embody cutting-edge technical principles, novel technologies, and innovative structures. They are commonly referred to as alternative fuel vehicles, encompassing various types such as pure electric vehicles, fuel cell electric vehicles (which exclusively use non-petroleum fuels), hybrid electric vehicles, ethanol gasoline cars, and other vehicles that partially rely on non-petroleum fuels. Currently, all existing new energy vehicles fall under this concept, which can be further categorized into hybrid electric vehicles, pure electric vehicles, fuel cell vehicles, alcohol ether fuel vehicles, natural gas vehicles, and more.

(1) Advantages of new energy vehicles:

Conserving fuel energy is important. New energy vehicles usually run on natural gas, petroleum gas, hydrogen, or electricity. These options help decrease emissions and effectively safeguard the environment. Electric cars are especially cleaner since they don't emit exhaust gases. Hydrogen energy vehicles, on the other hand, only release water as exhaust, causing no pollution. Additionally, new energy vehicles commonly incorporate advanced technologies and designs to enhance efficiency and minimize noise levels.

(2) Disadvantages of new energy vehicles:

Due to their early stage of development, new energy vehicles lack mature technology. Moreover, the current low number of such vehicles on the road may make charging, refueling, and maintenance less convenient. Vehicles with limited engine capacity and insufficient power are generally unsuitable for long-distance travel. Furthermore, the relatively high price range of new energy vehicles, typically between 50,000 and 100,000, restricts consumer options, as only pure electric vehicles are currently produced on a large scale.

2. Core Competitiveness of Enterprises

The concept of "core competitiveness" first appeared in Harvard Business Review in 1990. Core competitiveness refers to an organization's accumulated resources and knowledge, especially its unique ability to flexibly utilize and integrate these resources. Core competence is the basis on which an organization can survive, grow, and thrive. It has the following basic characteristics (Li, 2022).

First, it is heterogeneous. It is unique within the organization and differs from others. The evaluation of core competitiveness has different performance and recognition in different industries and different enterprises. For example, the core competitiveness of Lenovo is to refresh the concept, the core competitiveness of Huawei is technology first, and the core competitiveness of CIMC is cheap and good quality. Core competitiveness is also focus on the uniqueness of an industry and an enterprise. It is the tangible or intangible corporate wealth that other industries and enterprises cannot buy, steal or take away.

Secondly, it is not easy to identify. It may be tangible and measurable, or it may be intangible and unmeasurable. Usually, the core competitiveness is relatively easy to be evaluated from the outside of the enterprise, a commonly used practice, called "benchmarking", that is, the enterprise will own products and management mode and advanced enterprise comparison, through piles of data analysis, to help the enterprise to find out the gap, accurately obtain the core competitiveness, so as

to enhance the competitiveness of the enterprise. And a series of selected comparative analysis indicators can be the size of the company, sustainable profitability, sustainable development ability, management level, degree of internationalization, risk resistance and other aspects.

In addition, it is dynamic. Core competitiveness is also a constantly developing, dynamic process, the same enterprise in different. At different stages of development, there will be different core competitiveness. Especially after an enterprise has a certain all-round accumulation, how to develop an enterprise and how to cultivate its new core competitiveness involves scale economy, product differentiation level, industrial diversification and enterprise merger, which is the complex of a series of factor (Prahalad & Hamel, 1990).

Finally, it possesses significant added value. The fundamental basis for a company's competitive capability and the origin of its market advantage is its core competitiveness. The core competitiveness of companies not only enhances operational efficiency and aids in cost reduction, but it also allows for potential price increases, leading to increased profit margins for the company. Consequently, customers benefit from expanded profits, resulting in a mutually beneficial outcome, commonly referred to as a "win-win" situation.

In the construction of enterprise core competitiveness, the key point is innovation, including technological innovation, organizational innovation, management innovation and value innovation (Porter, 2008). Technological innovation plays a crucial role in developing an enterprise's core competitiveness and serves as a source of growth. This includes the creation of new products and technologies. Particularly in the high-tech industry, core technological innovation holds significant importance for the expansion and progress of an enterprise. Value innovation is to provide more value for customers to compete for customers, through the huge expansion of value to dominate the market intention as the starting point, through the establishment of new value to obtain competitive advantage, is a strategic means of enterprise competition, is to enhance the core competitiveness of enterprises. Management innovation enterprises through improving management efficiency, coordination and development of resources, enhance the competitiveness of enterprises, is the basic means to strengthen the competitiveness of enterprises. Organizational innovation aims to facilitate the continuous adaptation of an organization to external changes. This is achieved by employing diverse technologies and making internal structural adjustments, developing efficient systems, formulating effective strategies for external expansion, and promptly adjusting competition strategies. These four types of innovation are

interdependent, mutually influential, and synergistically combined to ensure the long-term success of the enterprise. It is crucial for the organization to maintain its distinctive competitiveness and remain unbeatable amidst intense market competition.

3. Competitive Strategy of Enterprises

The primary objective of competitive strategy, also known as business strategy, is to establish advantages over competitors in a specific industry or market. Competitive advantage refers to the unique capabilities possessed by an enterprise, which its competitors lack, enabling it to provide products and services to customers more effectively, economically, and quickly. It should be noted that companies with diverse business operations find themselves involved in various industries and market competitions due to their different product categories. Therefore, they often require multiple competitive strategies. On the other hand, companies that specialize in a single industry and market engage in a single line of business and management, so their business strategy and competitive strategy are essentially the same. The choice of different types of businesses, as part of a company's investment and business objectives, falls within the realm of corporate strategy. (Long, 2021).

Enterprise competitive strategy can be expressed in many ways, but its core is only one, that is, "survive, make money and develop". Therefore, some people divide the strategy into survival strategy, development strategy and transformation strategy according to the development stage of the enterprise. Some people believe that the strategy needs to be selective, to abandon irrelevant concerns and to be profit-oriented. To accomplish the objective of achieving the goal of "survive, make money and develop", an enterprise must have sufficient value competitive advantages.

In the current era of intense market competition, businesses constantly encounter threats and challenges. The crucial factor for survival and growth in this competitive environment lies in the development of enterprise competitive strategies from a strategic standpoint. The fundamental competitive strategy for businesses, put forth by Michael Porter, a renowned strategic management scholar at Harvard Business School, stands as the most influential theory in strategic management. Basic enterprise strategy mainly includes cost leadership strategy, differentiation strategy and specialization strategy. From its own perspective, an enterprise should make decisions (Le, 2019):

(1) Cost leadership strategy

The cost leadership strategy, also referred to as the low-cost strategy, involves ensuring that the overall expenses of a business are lower than those of its competitors, possibly even the lowest in the industry. The main objective is to enhance

internal cost control across various areas such as research and development, production, sales, service, and advertising, with the aim of minimizing costs to become the leading competitor in terms of cost. When confronted with a vast market and numerous consumers, production companies operating within the same market segment and offering similar products can opt for the cost leadership strategy to establish a competitive edge. This strategy primarily relies on achieving economies of scale to reduce average expenditures and enhancing operational efficiency through mass production, ultimately leading to a decrease in overall costs. Consequently, the product can be priced lower than that of competitors in the same industry, enabling the company to leverage its competitive advantage.

Prerequisites for enterprises to implement the strategy of cost leadership:

The first factor is achieving a substantial market share by possessing excellent raw materials, designing products that facilitate efficient manufacturing, maintaining a diverse range of related products to distribute costs, and catering to all major customer groups to increase sales. The second aspect involves implementing a robust cost reduction mechanism. This entails reducing costs throughout the entire process, from product procurement to serving consumers, while maintaining a comprehensive cost control system. It's important to note that pursuing a low-cost leadership strategy differs from engaging in a never-ending price war. Enterprises attain total cost leadership by transforming and innovating the entire value chain, rather than simply cutting costs from one aspect, thereby reducing consumption and eliminating redundant staff (Stavros, Cooperrider, & Kelley, 2003).

The realization of cost leadership strategy:

First of all, scale economy should be realized. Enterprises of a certain magnitude can engage in low-cost standardized production. The cost of our automotive industry cannot be compared to that of Japan and South Korea, and this discrepancy can be largely attributed to scale. For instance, FAW and Toyota employ the same number of workers, namely 150,000. However, FAW produces 400,000 cars while Toyota manufactures 5 million cars. The difference in scale determines the variance in costs. As scale expands, both tangible and intangible costs decrease. Another aspect to consider is effective supplier marketing. It is crucial to establish long-term, stable, and close relationships with upstream suppliers such as raw material providers, energy sources, spare parts manufacturers, and cooperative partners. This enables us to obtain affordable and consistent resources while exerting influence and control over suppliers, creating barriers to competitors seeking resources. Walmart serves as a prime example of employing a cost leadership strategy. As the world's largest chain

retailer, it employs various measures to minimize costs at every stage of the commodity supply chain, including procurement, inventory management, sales, and transportation. Furthermore, innovation in production technology plays a significant role. By introducing innovative production techniques, product costs can be substantially reduced. Ford Motor Company revolutionized the industry with the implementation of assembly line production, significantly lowering the cost of automobile manufacturing and making cars accessible to millions of households. Lastly, engaging in price wars is also a critical aspect. However, it is important to note that price wars should not entail indiscriminate price reductions without considering costs. The price war undertaken by Galanz, for instance, was based on cost considerations. Unlike other color TV manufacturers who suffered losses, Galanz offered low prices while still generating profits, without engaging in dumping practices. This approach resulted in cost reduction and successful market capture.

The motivation and risk associated with adopting a cost leadership strategy can be summarized as follows:

Motivations: The motivations include the capacity to establish and enhance obstacles that limit competitors from entering the market, boost the ability to negotiate with buyers and suppliers, diminish the risk of alternative products, and sustain a dominant competitive position.

Risks: Technological advancements could make previous investments or manufacturing and learning experiences obsolete. New competitors may enter the market, offering lower costs by either imitating or acquiring advanced technologies. Enterprises that prioritize cost leadership strategies tend to focus solely on cost reduction while disregarding changes in customer demand. These enterprises are highly sensitive to market prices and demand patterns influenced by the external environment. Enterprises employing cost leadership strategies primarily rely on low prices to sustain their competitive advantage. However, when differentiated competitors emerge in the industry, the competitive advantage of price-cutting enterprises will inevitably shrink, significantly reducing their profit margins and impacting their ability to achieve sustainable development.

(2) Differentiation strategy

The differentiation strategy aims to offer unique products or services by identifying and prioritizing specific features that are valued by users. By positioning oneself in a distinctive manner to fulfill these features, a distinct competitive advantage is established.

Advantages of differentiation: Initially, differentiation alone can add more value to enterprise products. This added value should offset the higher costs associated with differentiation and ultimately lead to increased profits for businesses. The level of product differentiation directly affects the challenge of replicating or mimicking its unique attributes or functionalities. When customers are more inclined to pay a premium for such distinctive features, the competitive advantage gained by an enterprise through differentiation becomes even more significant.

Secondly, competitors are unable to offer differentiated products and services at the same price, thereby substantially reducing customers' ability to negotiate. Thirdly, businesses that embrace a differentiation strategy will have an advantage over their competitors in dealing with substitute competition, as customers who purchase differentiated products are reluctant to accept substitutes. Lastly, product differentiation creates a barrier, and the greater the extent of product differentiation within the industry, the higher the entry barrier becomes. Consequently, the enterprise gains an unbeatable position.

The differentiation strategy carries certain risks that need to be considered. Firstly, it can lead to a decrease in the number of customers. Additionally, maintaining differentiation becomes challenging when competitors imitate and attack. The high cost of differentiation may result in consumers finding it difficult to afford the price, making it hard for enterprises to generate profits. Moreover, if enterprises become too focused on consumer preferences, changes in market demand can outweigh the benefits.

(3) Centralization strategy

The centralized strategy, also recognized as the specialized strategy, pertains to an enterprise's concentration of business activities on a specific purchasing group, a particular product line segment, or a specific regional market. The centralization strategy essentially encompasses a unique differentiation strategy and a distinctive cost leadership strategy.

The fundamental requirements for implementing a centralization strategy are as follows: Firstly, there must be specific market segments where businesses offer products and services. Secondly, the strategy should aim to attain cost leadership in those chosen market segments, while also possessing the capability to differentiate its offerings within those segments. Thirdly, it is crucial that no other company adopts a similar focused strategy within the targeted market segment. Therefore, selecting a suitable strategic target is of utmost importance. Lastly, the enterprise

should make efforts to choose a target that has the weakest competition and is least susceptible to the impact of alternative products.

The centralized strategy offers both strategic benefits and risks. Strategic benefits arise from implementing low-cost or differentiation strategies in specific market segments, which helps effectively counter the five competitive forces in the industry. Moreover, the advantages of low cost and differentiation strategies can be seen in this strategy. Furthermore, the centralized strategy allows small and medium-sized enterprises with limited resources to enhance their relative competitive advantages by avoiding direct competition in the larger market. Even large enterprises can adopt the centralized strategy to avoid direct conflicts with competitors, thus creating a competitive buffer zone. The success of even a very small product, like a nail clipper, can lay the foundation for building a reputable brand based on excellence.

Strategic risk: Any enterprise that implements a centralized strategy encounters similar risks as those adopting either a low-cost or differentiated strategy. Furthermore, the adoption of a centralized strategy entails the following risks:

(1) Competitors might enter the targeted market segments chosen by the firm and implement a more focused strategy that surpasses the firm's approach.

(2) The demands of customers in a small market may align with those of general customers in a larger market, resulting in a diminished or eliminated advantage of the centralized strategy.

(3) The market segments selected by the firm may be highly appealing, prompting competitors to swiftly enter and compete for a share of the profits.

Factors to consider when selecting a fundamental competitive strategy:

Choosing a primary competitive strategy is crucial for enterprises aiming to achieve success (Hitt et al., 2020). In summary, enterprises should take the following factors into account when deciding on a competitive strategy:

(1) Productivity and technological advancement within the economic environment: In the context of a robust economy with high levels of consumption, adopting a differentiation strategy is more suitable as it caters to diverse customer needs. Conversely, in an underdeveloped economy, employing a cost leadership strategy is more appropriate to drive consumption.

(2) Production and sales capacity of the enterprise: Small and medium-sized enterprises with limited production and sales capabilities are generally well-suited for a concentration strategy. By focusing their limited resources on a specific market, they can capture a significant market share. If an enterprise has strong production capacity but weak sales capacity, opting for a low-cost strategy would be

advisable. On the other hand, if the enterprise possesses robust marketing capacity but lacks production capacity, the differentiation strategy can be employed.

The various LIFA cycle stages of the product. During the product input and growth stages, enterprises can utilize a low-cost strategy to capture the market promptly and deter potential competitors from entering. This approach stimulates demand and boosts sales, leading the enterprises into a favorable cycle characterized by low costs, a strong market position, and high returns. To attract customers, opting for a differentiation strategy or centralization strategy is highly recommended.

Choices vary across different product categories, as each category has unique preferences regarding price, quality, and service. In general, basic goods, such as building materials and standard machinery, are considered standard products. In this case, price becomes the key factor in competition, so companies should focus on implementing a low-cost strategy while ensuring basic quality. However, for specialized machinery within the basic goods category, emphasis should be placed on after-sales service, prompting the adoption of a differentiation strategy.

When it comes to consumer goods, the majority of consumers are not experts and rely on advertising, product packaging, and price to make purchasing decisions. Therefore, enterprises manufacturing consumer goods should strive to differentiate their products through service and marketing management. On the other hand, daily necessities are purchased in small quantities on a regular basis, so a low-cost strategy should be employed.

In contrast, consumer durables are purchased once and used for an extended period. The quality and after-sales service of these products are crucial, thus requiring the adoption of a differentiation strategy.

In the face of intense market competition, companies encounter both opportunities and challenges. They must acknowledge their own strengths, employ competitive strategies that suit their specific situation, enhance their core competitiveness, and establish a competitive edge. The ideal scenario for a company is to select one of the three fundamental strategies and wholeheartedly pursue it in accordance with the requirements of that chosen strategy to attain corresponding advantages. A company selects its fundamental strategy based on the one that maximizes its own advantages and is least likely to be imitated by competitors. It is believed that by doing so, the company will excel in the robust market, becoming an industry and market leader. Choosing the correct competitive strategy becomes the company's dominant strategy (Hussain & Jahanzaib, 2018).

Expected Benefits

The country vigorously develops the new energy automobile industry, A Co new energy automobile moves with the national policy, and develops its own competitive strategy. At present, A Co is currently presented with a unique chance for growth, thanks to state subsidies and preferences for new energy vehicles. They should seize this opportunity to actively develop and market new energy products, focus on technological innovation, increase investment in research and development, and enhance the company's competitive advantage. A Co should prioritize research and development in key electric vehicle technologies and incorporate the latest advancements into their products. Furthermore, they should strive to launch a more user-friendly human-computer interaction system to improve customer satisfaction and build a reputation as a world-class new energy vehicle enterprise. A Co should direct its efforts towards the new energy vehicle sector.

In addition, it is also hoped that through this research results, A Co's strategic management decision-making to provide a reliable basis and preferences, for the enterprise to establish a lasting competitiveness to provide an effective path, the development of A Co has a certain practical application value. Furthermore, being a prominent domestic enterprise in the new energy vehicle sector, the effective creation and execution of its development strategy serve as a valuable example for the growth of the entire new energy vehicle industry and even the broader automobile industry. It can also contribute significantly to China's overall economic advancement.