

Price Policy in the Automobile Manufacturing Industry

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Abstract. In the wake of globalisation, competition in the automotive market is becoming increasingly intense and the price wars between car manufacturers are also having a negative impact on business development. How to set the right pricing policy has become a necessity for many companies to survive and thrive. The aim of this paper is to analyse the pricing policy in the automotive manufacturing industry.

Keywords: Pricing policy, company, value, business.

1. Introduction

1.1. Problem definition

Value for money has always been seen by most companies as the most effective value proposition to entice customers to buy. As a result, companies have proposed low-price policies to consumers, making the market a smoky place for price wars. And price wars between automotive companies are commonplace, with low prices becoming a common weapon in the fight for growth and to fend off competition, but ultimately leading to many negative outcomes. While pricing may have its advantages in some cases, relying solely on pricing strategies can limit the growth and success of a car manufacturer like Dongfeng Nissan in a highly competitive market. The company could find itself in a spiral of falling margins or even losses. A more integrated pricing strategy that takes into account factors such as market demand, competitor pricing and product positioning would therefore be better suited for Dongfeng Nissan to meet the current market challenges. Cost-orientated pricing is no longer an appropriate pricing strategy. So what is an appropriate pricing strategy and what can it do for the company? The appropriateness of Dongfeng Nissan's pricing strategy is determined by which factors? Can the pricing strategy help Dongfeng Nissan to differentiate itself in an increasingly homogenised car market? Eliminate the company's sales difficulties?

1.2. Objective

In the wake of globalisation, competition in the automotive market is becoming increasingly intense and the price wars between car manufacturers are also having a negative impact on business development. Automotive companies find themselves in a dilemma of low profit margins. The company is not in a position to develop steadily in the long term. This article will therefore analyse the following questions: 'What is an appropriate pricing policy?' 'How can Nissan's pricing policy be adapted?' 'What does the process of developing a pricing policy look like?'

1.3. Structure of the thesis

In the first chapter, the current pricing policy on the automobile market is explained and the current dilemma of Nissan vehicles is presented. This chapter also presents an article on the search for the right pricing policy. In the second chapter, prices, the basic definition of pricing policy and its types are presented. Chapter 3 presents the preparatory measures before developing a pricing policy. and representative pricing policy and final price adjustments Chapter 4 presents the corporate background, strengths and weaknesses of Nissan Motors and applies the pricing policy and price adjustments to the pricing of Nissan vehicles.

2. Basic definitions

2.1. Concept of price

Before we can understand pricing policy, we need to clarify the concept of price. The price of a good is defined as the sum of monetary units that a buyer must hand over to a supplier on the market in exchange for this good. On the market, the buyer must hand over monetary units to the supplier in exchange for the good. The price of a good or service is the monetary unit that the buyer must pay for a unit quantity of the good or service. Price in a pricing strategy. It refers to the specific price level of a product or service set by a company on the basis of factors such as market demand, competitive environment, cost structure and profit target. Price is often an important factor in the success or failure of a business and at the same time the most difficult factor to determine in the marketing mix. The terms price management and pricing policy, whereby the latter is particularly important due to the integration of the price decision into the marketing mix, describe the same concepts in terms of content. Changes to a company's prices can often have a very strong impact on sales. In many product segments (products, services, software), price elasticity increases due to a wide range of products, which is higher than advertising impact or sales leverage. Demand is driven by price fluctuations, not just by promotional activities or the size of the sales force. The aim of a pricing strategy is to set an appropriate price for a company in order to achieve a number of business objectives.

2.1.1 Types of pricing policy

In addition to skim pricing and penetration pricing, there are several common pricing strategies: Market-based pricing (market average prices): Pricing is based on market conditions and competitors' price levels to keep the product competitive in the market.

Cost-plus pricing: The price is determined by adding a profit share to the product costs. This pricing strategy is suitable if product differentiation is low and the market is not very competitive.

Promotional prices: The use of temporary discounts and sales promotions to attract consumers and increase sales and awareness.

Dynamic pricing: flexible price adjustments based on multi-dimensional data such as demand, time of day, geographic location and personal preferences to increase sales efficiency and profitability.

Price bundling: bundling multiple goods or services and selling them at a discounted price. This pricing strategy can increase sales and customer loyalty.

Individual pricing: offering personalised prices and services based on consumers' individual needs and purchasing habits in order to increase sales and market share. All of these pricing strategies have their own scenarios, advantages and disadvantages, and companies must consider them in the light of the current situation and market demand and continuously optimise and adapt their pricing strategies to achieve maximum competitiveness and business success.

Depending on the product launch cycle, pricing strategies for new products can be divided into these two categories: Skimming Pricing and Penetration Pricing.

Pay-as-you-go pricing: Billing based on actual usage, where consumers only pay for what they use, which can lower the barrier to purchase and increase user conversion rates.

Blockchain pricing: Using blockchain technology for transparent, secure and fair pricing that can be applied to digital assets, virtual goods and other areas.

Artificial intelligence pricing (AI pricing): using machine learning, data mining and other technologies to predict and analyse market demand and consumer behaviour to achieve optimal sales prices and improve sales efficiency and profitability.

Price penetration (penetration pricing): A product pricing strategy that is usually applied when introducing a new product to a new market or in competition with an existing market. The core idea of this strategy is to attract more consumers by selling a product at a relatively low price, thereby quickly building market share and brand awareness.

Individual pricing: offering personalised prices and services based on consumers' individual needs and purchasing habits in order to increase sales and market share. All of these pricing strategies have their own scenarios, advantages and disadvantages, and companies must consider them in the light of the current situation and market demand and continuously optimise and adapt their pricing strategies to achieve maximum

competitiveness and business success [1]. Depending on the product launch cycle, pricing strategies for new products can be divided into these two categories: Skimming Pricing and Penetration Pricing.

3. analysis of the pricing policy

3.1. Preparation of the pricing policy

Prices should not be set arbitrarily, but should follow a certain principle. This principle should take into account both the immediate interests of the industry and the long-term interests of the company and demonstrate flexibility and elasticity. Utility principle: The price level must be favourable to the company in order to achieve the company's business objectives. Regardless of whether the price is set high or low, it must contribute to improving the competitiveness of the product and market share and ultimately ensure that the company makes as much profit as possible. The shape of the prices of goods and services is influenced not only by value, cost and market supply and demand, but also by the degree of market competition and market structure. Market participants react to market information, and in order to capture market share, companies have adopted a multi-pronged response strategy. This is based on the market life cycle of the product in order to develop a pricing strategy. The life cycle of the product market can be divided into the introduction stage, the growth stage, the maturity stage and the decline. Introduction stage, the new product market, the technical performance of the older products have obvious advantages, but in the enterprise input, but it is a small batch, large cost, advertising costs and other time of high cost of the disadvantage, the pricing decision of such enterprises to consider their own competitive strength and new product technology content, if the new product has high quality and not easy to imitate the characteristics, you can choose to skim price strategy, that is, high price strategy, rapid recovery of investment If the new product has high elasticity of demand, low price can greatly increase sales, then you can choose a low price, thin price strategy, launch the product and quickly capture market share. In the growth stage, product sales are increasing, market competition is intensifying, the cost performance of the product is still at an advantage, the company can choose the pricing strategy according to its own size and market awareness. In the maturity phase, market demand is saturated, competition in the market increases and companies are faced with the risk of a price war; In the recession phase, there is a risk that the product will be replaced by new products with better quality and performance; therefore, the company can avoid backlogs and choose a pricing strategy with small and gradual price reductions and a smooth transition.

3.2. Price adjustment

Price adjustment is a marketing adjustment strategy that is carried out in response to changes in the internal environment and, as a rule, companies must take into account their own strengths and weaknesses in the course of their activities in order to be able to react in a timely manner. Methods of price adjustment in marketing: price reduction strategies. A company considers a price reduction when: The company urgently needs to raise a large amount of cash [2]. The company is trying to open up new markets by lowering prices. Potential customers of a product are often limited by their level of consumption, which prevents them from becoming real customers. Under the premise that a price reduction does not affect the original customer, a company can increase its market share through price reductions. However, to ensure the success of this strategy, it sometimes needs to be complemented by a product improvement strategy. A company has excess production capacity and an oversupply of products, but is unable to increase sales through product improvements and increased advertising. In this case, the company must consider lowering prices. The decision-maker expects to be able to increase sales by lowering prices, which leads to higher production volumes. Particularly in the case of products that are already mature, price reductions can significantly increase sales. This creates a virtuous circle between price and production volume, which lays the foundation for the company to gain further market share. Company decision-makers are motivated by the demands of intermediaries. Purchasing goods at lower prices not only reduces the capital tied up with intermediaries, but also

creates certain conditions for selling products in large quantities. Therefore, companies lower prices in order to build better relationships with intermediaries. Methods of price adjustment in marketing: price increase strategy. Companies need to consider price increases in the following situations: To cope with increased product costs and to reduce cost pressures. This is the main reason for all product price increases. The decision-maker expects to be able to increase sales by lowering prices, which leads to higher production volumes. Particularly in the case of products that are already mature, price reductions can significantly increase sales. This creates a virtuous circle between price and production volume, which lays the foundation for the company to gain further market share. Company decision-makers are motivated by the demands of intermediaries. Purchasing goods at lower prices not only reduces the capital tied up with intermediaries, but also creates certain conditions for selling products in large quantities. Therefore, companies lower prices in order to build better relationships with intermediaries. Methods of price adjustment in marketing: price increase strategy. Companies need to consider price increases in the following situations: To cope with increased product costs and to reduce cost pressures. This is the main reason for all product price increases. The cost increase is either due to an increase in raw material prices or to higher production or administration costs. To ensure that profit margins are not reduced as a result, companies pursue a strategy of price increases.

3.3. Preisanpassung

Price adjustment is a marketing adjustment strategy that occurs in response to changes in the internal environment, and companies usually need to consider their own strengths and weaknesses in the course of their operations in order to respond in a timely manner. Methods of price adjustment in marketing: price reduction strategies. A company considers a price reduction when: The company urgently needs to raise a large amount of cash. The company is trying to open up new markets by lowering prices. Potential customers of a product are often limited by their level of consumption, which prevents them from becoming real customers. Under the premise that a price reduction does not affect the original customer, a company can increase its market share through price reductions. However, to ensure the success of this strategy, it sometimes needs to be complemented by a product improvement strategy. A company has excess production capacity and an oversupply of products, but is unable to increase sales through product improvements and increased advertising. In this case, the company must consider lowering prices. The decision-maker expects to be able to increase sales by lowering prices, which leads to higher production volumes. Particularly in the case of products that are already mature, price reductions can significantly increase sales [3]. This creates a virtuous circle between price and production volume, which lays the foundation for the company to gain further market share. Company decision-makers are motivated by the demands of intermediaries. Purchasing goods at lower prices not only reduces the capital tied up with intermediaries, but also creates certain conditions for selling products in large quantities. Therefore, companies lower prices in order to build better relationships with intermediaries. Methods of price adjustment in marketing: price increase strategy.

4. Example of pricing policy at Nissan

4.1. Introduction to Nissan

Dongfeng Nissan Passenger Vehicle Company Limited (nachstehend Dongfeng Nissan genannt) wurde am 16. Juni 2003 gegründet. Sie ist ein wichtiger Geschäftsbereich der Dongfeng Motor Group Co., Ltd. und ein Au-tomobilunternehmen mit vollständiger Wertschöpfungskette, die Planung, Forschung und Entwicklung, Beschaffung, Produktion, Vertrieb und Service umfasst. After forming an alliance with Renault, sales and profits began to recover and Nissan focused more on developing its automotive business with the Nissan Renaissance Plan, the 180 Plan and the Nissan Value Improvement Plan. These programmes not only reduced production costs and improved management and efficiency, but also significantly increased brand awareness and product competitiveness. The company operates three brands: Nissan, Qichen and Infiniti.

4.2. Analysing Nissan's pricing policy

Compared with the production and processing of cars abroad, domestic production costs in China are low and have an inherent advantage. First and foremost, Dongfeng Nissan should capitalise on its price advantage. However, low price is not synonymous with low quality; price and quality should be equated with performance. Secondly, pricing should be orientated towards products of the same type and market position and priced according to its own strengths [4]. From the consumer's perspective, their expectations of the price of a product are their expectations or bottom line, which includes money, time and habits. When automotive services and products are priced below psychological expectations, consumers feel that they are enjoying good value for money, which helps to capture the market and increase customer loyalty. Currently, Dongfeng Nissan has more than a dozen model lines in the domestic market for potential customers to choose from, and therefore needs to work on its pricing strategy in particular.

Brand benefits: In the international market, Nissan is one of the top ten car manufacturers in the world and is highly recognised and trusted by consumers for its low energy consumption, environmental friendliness and style. In addition to its existing market position and achievements, Nissan Motor Company has actively pursued the refinement and development of its brand. For example, Nissan has followed the trend of the times and introduced the concept of green and comprehensive development, built green production lines, green car products and accessories to create a new brand image through practical measures for environmental protection. **Technological advantages:** Nissan Motor Company attaches great importance to developing the strength and power of automobile research and development, and has invested a lot of money in the R&D laboratory of the R&D centre to give it a high priority, which has now formed an advanced technological advantage with the core advantage of the process production workshop. For example, according to the performance test report, the Docker 1.6L model is one-third more fuel-efficient than a model with the same market positioning in terms of vehicle energy consumption, reflecting Nissan Motor Company's advantages in core engine manufacturing. The pure electric vehicles developed and produced by Dongfeng Nissan Motor Company are precisely those that utilise the advantages of traditional powertrain technology on the one hand and the advantages of new battery technology and power control technology on the other. **Disadvantages of Nissan:** Excessively long and fragmented product lines. Dongfeng Nissan currently has 9 models under its umbrella. Dongfeng Nissan has an excessively long product line compared to other companies such as Dongfeng Honda or Shanghai GM, and the sales ratio of each model in the vehicle series is relatively different. Although an approximately even sales ratio can avoid risks due to fluctuations in a particular product, the lack of a breakthrough point for a major increase in sales is still an obstacle to the development of targeted marketing channels and in-depth development of the company.

From a distributor's point of view, its profit lies in the difference between the wholesale price and the retail price. Therefore, Dongfeng Nissan Motor Company should not only think about itself when setting the base prices for its products, but also about the maintenance and sustainability of its many dealers so that its products are competitive and profitable for them at the same time. The price range should be reasonable and sales incentives should be set accordingly. Dongfeng Nissan should develop a differentiated pricing strategy for the pricing of after-sales services such as maintenance, repair and spare parts supply, as the future of after-sales service will not only include regular services but also additional services such as car financing and car insurance. Such a differentiated optional plan will make it possible to provide customers with high-quality and caring services in the future and is also important for branding. Providing customers with a variety of after-sales services that satisfy them and generate word-of-mouth publicity is one of the most important directions for Dongfeng Nissan's future development. Herd pricing strategy refers to the flexibility to adjust the selling price of a product based on a combination of competitors' prices and the market sales of the company's existing brands. Dongfeng Nissan now holds a certain market share in products such as the Marche, the Xuan Yi and various other mid- and low-end models. Faced with competing products with the same positioning in the market, Nissan Motor Company can imitate the prices that are roughly in line with

those of similar brands. At the same time, it relies on its own unique marketing and service network to gain a competitive foothold. At the lower end of the market, you should adopt a reasonable herd pricing strategy and adjust the actual price at any time through promotions and discounts. In addition, you can cooperate with some financial institutions such as guarantee and trust companies to provide customers with loans for car purchase, and the interest rate of the loan should be as low as possible, which is also a hidden price reduction strategy that provides customers with preferential conditions and boosts the sales of the company's cars, but also a completely legal and lawful behaviour that cannot be easily detected by competing manufacturers [5].

4.3. Price adjustment from Nissan

As consumer goods, automotive products, like other high-tech innovations, go through four development phases: the introduction phase, the growth phase, the saturation phase and the downturn phase. For automotive products in these four different phases, the biggest difference between them is the different market sales and corresponding profits in each phase [6]. Nissan needs to fully understand the current situation of a particular brand and vehicle model, and then develop different marketing strategies and prices. After determining where the product is in its product cycle, price adjustments can be made. When making price adjustments based on the current automotive market, Dongfeng Nissan can consider the following factors: Consumer psychology and Advertising. Consumer psychology: Adjusting prices to consumers' willingness to buy based on market demand. Cost structure: Evaluating the impact of manufacturing costs, raw material prices, labour costs and other factors on prices [7]. If costs increase, Dongfeng Nissan may consider adjusting prices accordingly to maintain profitability. However, care should be taken not to adjust prices too much, as this may have a negative impact on consumers' willingness to buy. Advertising and marketing strategies: Price adjustment is not just a matter of pure pricing, but also needs to be combined with marketing strategies to promote the products. Dongfeng Nissan could consider promotions, package deals or financing programmes to attract consumers and increase sales and market share.

5. Summary

This paper takes Nissan Motor as an example to conduct an in-depth study of marketing strategy, focusing on the current situation and existing problems in the implementation of marketing strategy in China, as well as the protective measures to ensure the smooth and consistent implementation of marketing strategy [8]. After reviewing the text, we can draw the following conclusions: Nissan could adopt a differentiated pricing strategy and a herd pricing strategy in its pricing strategy to achieve a more long-term development. Firstly, Dongfeng Nissan Motor develops an appropriate pricing strategy by positioning in the product life cycle; secondly, the strategy is developed by analysing.

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