Chevrolet Case Analysis
A Need for Continued Product Innovation

This case analysis evaluates the history of Chevrolet and its needs moving forward to remain a prominent force in the automotive industry. This analysis is based around a case from the textbook “Marketing Strategy Text and Cases” by O.C. Ferrell and M. Hartline (please see works cited for the full citation) but also pulls from relevant outside sources to ensure a thorough analysis.
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Situation Analysis

Internal Analysis

Company History Timeline
William Durant founded Chevrolet in 1911 to compete directly with Ford Motor Company. Chevrolet was named after Louis Chevrolet, a top racer who was hired to design Chevrolet’s first model, and racing has stayed as a core part of the Chevrolet brand throughout the years. Durant’s strategy when founding Chevrolet was to come out with several models to compete against Ford’s single model. The following depicts the major events in the company history of Chevrolet from its inception (Sawayda, 2013):

- **1908**: William Durant formed General Motors (GM) (Sawayda, 2013)
- **1911**: Durant is ousted from GM and goes on to form Chevrolet to compete head to head with Ford (Sawayda, 2013)
- **1911**: Louis Chevrolet, famous racer, is hired to design Chevrolet’s first car and becomes the namesake of the company (Sawayda, 2013)
- **1912**: Chevrolet’s first model goes for $2000 and sells 2,999 vehicles or 1 percent of the market share (Sawayda, 2013)
- **1913**: Chevrolet introduces its bowtie logo (Johnson, 2011)
- **1915**: Chevrolet releases a less expensive model for $490, the exact same price as Ford’s Model T (Sawayda, 2013)
- **1918**: GM acquires Chevrolet after Durant gained controlling share of both companies and becomes the GM president once again (Sawayda, 2013)
- **1918**: Chevrolet releases its first truck (Sawayda, 2013)
- **1920**: Durant is ousted a final time from GM (Sawayda, 2013)
- **1920**: Chevrolet sells 100,000 vehicles (Sawayda, 2013)
- **1927**: Chevrolet surpasses Ford in cars sold (Sawayda, 2013)
- **1932**: Chevrolet accounted for one-third of all cars sold in the U.S. (Sawayda, 2013)
- **1935**: Chevrolet starts sponsoring the All-American Soap Box Derby (Sawayda, 2013)
- **1936**: Chevrolet Tahoe is released (Sawayda, 2013)
- **1953**: Chevy Corvette is released (Sawayda, 2013)
- **1955**: Chevy Corvette gets a V8 engine (Sawayda, 2013)
- **1958**: Chevrolet Impala is released (Sawayda, 2013)
- **1967**: Chevrolet Camaro is released (Sawayda, 2013)
- **1984**: Chevrolet forms a joint venture with Toyota to learn more about Toyota’s production system (Sawayda, 2013)
- **1989**: Chevrolet pickup trucks surpass car sales (Sawayda, 2013)
- **1991**: Popular Tagline “Like a Rock” is first used (Sawayda, 2013)
• **1994**: most recently used tagline “Chevy Runs Deep” is adopted (Sawayda, 2013)
• **2002**: Camaro line was discontinued (Sawayda, 2013)
• **2008**: GM files for bankruptcy (Sawayda, 2013)
• **2008**: Chevrolet Traverse is released (Sawayda, 2013)
• **2009**: GM received a $50 billion government bailout (Ruiz, 2013)
• **2010**: Camaro is released (Sawayda, 2013)
• **2010**: Joint venture with Toyota ends (Sawayda, 2013)
• **2010**: Chevrolet Cruze was released (Sawayda, 2013)
• **2010**: Chevrolet Volt, the company’s electric vehicle, is released (Sawayda, 2013)
• **2011**: Chevrolet celebrates its 100 year anniversary (Sawayda, 2013)

**Product Mix**
Chevrolet’s product mix consists of the following vehicles:

<table>
<thead>
<tr>
<th>Cars</th>
<th>SUVs/Crossovers</th>
<th>Trucks/Vans</th>
<th>Electric Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonic</td>
<td>Equinox</td>
<td>Colorado</td>
<td>Volt</td>
</tr>
<tr>
<td>Cruze</td>
<td>Traverse</td>
<td>Avalanche</td>
<td></td>
</tr>
<tr>
<td>Malibu</td>
<td>Tahoe</td>
<td>Silverado</td>
<td></td>
</tr>
<tr>
<td>Corvette</td>
<td>Suburban</td>
<td>Express</td>
<td></td>
</tr>
<tr>
<td>Camaro</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impala</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spark</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Sawayda, 2013)

Among these vehicles, the Corvette, Camaro, Impala, Cruze, Silverado, and Volt have helped establish Chevrolet’s reputation in the automotive market.

**Corvette**
The Chevy Corvette was first released onto the market in 1953 but really became popular with the release of its small-block V8 engine in 1955. The Corvette has been positioned as sporty and luxurious throughout its six generations. Many famous people have associated their names with the Corvette both on and off the racetrack which has helped the prestige of the product. This has also helped Chevrolet sell the Corvette at a price range of $50,000 to over $100,000 (Sawayda, 2013).

The Corvette has reached a maturity level in the product life cycle and its average owner is in their fifties. With a struggle to keep younger generations interested in the Corvette, Chevrolet must find a way to innovate its product in the eyes of younger consumers (Sawayda, 2013).


**Camaro**
The Camaro is the small sportster model that was released in 1967 to directly compete with the Ford Mustang. The Camaro has had five generations over 35 years. In 2002, Chevrolet discontinued the Camaro but due to popular demand, brought back the vehicle in 2010 with much success (Sawayda, 2013).

Due to this rerelease and rework of the Camaro, this product seems to be in the growth stage of the product life cycle. While it has recently outsold the Ford Mustang and seems to be doing well in the market, Chevrolet has to continue to utilize product innovation that will match consumer tastes (Sawayda, 2013).

**Impala**
The Impala is a full-size family sedan that was first released in 1958 and is one of Chevrolet’s larger car models. The impala experienced extreme growth throughout the 1960’s and 1970’s and has undergone ten generations of new models. It is commonly used in NASCAR races (Sawayda, 2013).

While the Impala did begin to lose sales in the 1980s and continues to compete against rivals today, the space and fuel-efficiency it offers gives the vehicle a competitive advantage. With reviews of the 2012 model not being great, it is really up to consumer purchases to decide if the Impala is still in the growth stage or if it has reached maturity in the product life cycle. (Sawayda, 2013)

**Cruze**
The Chevrolet Cruze was released in 2010 to replace the Cobalt and immediately jumped into the growth stage of the product life cycle with its first year of sales ranking it the tenth most popular vehicle in the U.S. and having it become the nation’s best selling vehicle by June 2011. In 2012, the Cruze Eco was released which can reach up to 42 miles per gallon on the highway. With a price tag of only $17,000, it is no wonder it is popular with consumers (Sawayda, 2013).

While the Cruze has proven to be a great vehicle for Chevrolet, it must keep an eye on competitors such as the Ford Focus and The Hyundai Sonata. It also must keep in mind that the increased government regulation that states that cars must be able to reach 54.5 miles per gallon will shorten the amount of time that the fuel efficiency of the Cruze is a significant competitive advantage. Continued product innovation is the key to the future success of this vehicle (Sawayda, 2013).

**Silverado**
Chevrolet’s pickup trucks are even more popular than its cars and the Silverado is currently leading that pack. Chevrolet positions its trucks as strong and durable with slogans such as “Like a Rock”. Chevrolet has continued to focus on product improvements of the Silverado such as
smoother ride, increased towing capacity, and improved fuel efficiency which have all gone over well with consumers. Chevrolet has even released a hybrid Silverado that is taking in mind both upcoming government regulations and the market demand for greener vehicles (Sawayda, 2013).

**Volt**
The Volt is Chevrolet’s entrance into the electric vehicle industry. Not only does the Volt run on battery for 35 miles but it can also travel 37 miles using gas after that. While this vehicle is a big step towards the fuel efficient demands of the market, initial sales have not taken off as hoped. It is believed that while customers are interested in the idea of the electric vehicle, the perceived purchase risk is still too high for the majority of consumers. There was also an initial safety issue when the Volt was catching on fire in government crash tests, which caused some issue in the eyes of consumers (Sawayda, 2013).

This also presented an opportunity for the Volt’s direct competitor, The Nissan Leaf. While these are competitors it is worth noting that the Volt runs on a combination of electric power and gas, and the Nissan Leaf is fully electric (Sawayda, 2013). As more manufacturers enter the electric vehicle market, it is essential that Chevrolet continue to innovate its product in a way that appeals to changing consumers and stays ahead of the competition.

**Branding Strategy**
General Motors, the parent company of Chevrolet, is the largest player in the U.S. Automotive wholesaling industry with 19 percent market share and $92.9 billion in its 2013 U.S. wholesaling operations (Ruiz, 2013). This success is, in part, due to the success of its Chevrolet brand which has held true to the branding message of a quality vehicle deep rooted in American culture (Sawayda, 2013). The following are some of taglines and advertising themes Chevrolet has used over the years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Taglines and Advertising Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926</td>
<td>“Quality at a Low Price”</td>
</tr>
<tr>
<td>1929</td>
<td>&quot;A six [cylinder] in the price range of the four.&quot;</td>
</tr>
<tr>
<td>1931</td>
<td>“The great American value”</td>
</tr>
<tr>
<td>1940</td>
<td>“Eye it. Try it. Buy it!”</td>
</tr>
<tr>
<td>1950</td>
<td>&quot;America's best seller, America's best buy.&quot;</td>
</tr>
<tr>
<td>1957</td>
<td>&quot;That Chevy feeling&quot;</td>
</tr>
<tr>
<td>1972</td>
<td>&quot;Building a better way to see the USA&quot;</td>
</tr>
<tr>
<td>1974</td>
<td>&quot;Chevrolet makes sense for America.&quot;</td>
</tr>
<tr>
<td>1975</td>
<td>&quot;Baseball, hot dogs, apple pie and Chevrolet.&quot;</td>
</tr>
<tr>
<td>1978</td>
<td>&quot;See what's new today in a Chevrolet.&quot;</td>
</tr>
<tr>
<td>1981</td>
<td>&quot;Chevy's up ahead.&quot;</td>
</tr>
<tr>
<td>1983</td>
<td>&quot;USA-1 taking charge.&quot;</td>
</tr>
</tbody>
</table>
Through these taglines and advertising themes it can be seen that Chevrolet is very proud of its American heritage. This being said, it does have a global presence and will change taglines or themes to better fit a demographic while trying to maintain brand cohesiveness by centering messages on the themes: durability, value, practicality, and friendliness (Sawayda, 2013).

In fact, Chevrolet accounts for 70 percent of all of GM’s international sales with a presence in 140 countries. Its three largest markets, in order, are the United States, Brazil and China. Of these, China presents a significant opportunity due to its population and the fact that it is the largest market in the world for vehicles. The Chinese market has a high demand for Electric Vehicles. This presents an opportunity for the Volt, but the company has chosen to import the vehicle to China in order to avoid having to enter a joint venture with a domestic manufacturer and share trade secrets, as the Chinese government has regulated (Sawayda, 2013).

### Government Bailout
In 2008, GM filed for bankruptcy and closed one-third of its U.S. dealerships (Ruiz, 2013). In turn, it was the recipient of a $50 billion government bailout in 2009. While the company has recovered, this did have a hit on the company’s reputation (Sawayda, 2013).

### External Analysis

#### Customer Analysis
In the automobile industry, sales are segmented as follows:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Percent of market</th>
</tr>
</thead>
<tbody>
<tr>
<td>New cars</td>
<td>66.4 percent</td>
</tr>
<tr>
<td>New light trucks and SUVs</td>
<td>4.7 percent</td>
</tr>
<tr>
<td>New trailers, buses and motor homes</td>
<td>8.2 percent</td>
</tr>
<tr>
<td>Used automobiles</td>
<td>4.2 percent</td>
</tr>
<tr>
<td>New heavy trucks</td>
<td>3.7 percent</td>
</tr>
<tr>
<td>New motorcycles</td>
<td>2.8 percent</td>
</tr>
</tbody>
</table>
Of these segments, the new cars (consisting of all sedans, coupes, hatchbacks, and wagons) are growing while new light trucks and SUVs are seeing a decline as consumers are continuing to turn towards fuel-efficient vehicles. The other segment, besides new cars, to see significant increase in the past few years is the used automobiles. As consumers have had less disposable income, they have turned to the used car as an alternative to buying new. While the projected disposable income is expected to increase in 2014, the used car segment as an alternative to new car sales is something for Chevrolet to keep in mind (Ruiz, 2013).

Competitor Analysis

Ford Motor Company
When Chevrolet was first established, it was done in order to compete directly with Ford, so it is no surprise that this remains one of its main competitors. Both brands are deeply entrenched in American culture and target similar customers, such as racing enthusiasts (Sawayda, 2013).

Ford currently controls 15.9 percent of the automotive market with and $77.6 billion in its 2013 U.S. wholesaling operations. Ford was the only U.S. automaker to not take the 2009 bailout from the U.S. government which has helped increase the company’s reputation among consumers. To continue to avoid financial troubles, Ford has implemented a restructuring plan called “One Ford” where it avoids redundancies in its product development by breaking industry standards and introducing its global product portfolio in the domestic market (Ruiz, 2013).

Chrysler Group LLC
Chrysler rounds out the Big Three domestically owned automotive companies in the United States with 10.8 percent of the market share and 2013 revenues of $49.8 billion in the United States. Chrysler is more heavily dependent on its truck and SUV sales than Ford or GM. Chrysler was the other domestic automaker to have to file for bankruptcy in 2008 and accept the government bailout in 2009. Following Chrysler filing for bankruptcy, The United Auto Workers (UAW) and Fiat are the primary owners of Chrysler group LLC. Fiat later bought out UAW and controls 61.8 percent of the company (Ruiz, 2013).

Toyota Motor Company
Toyota Motor Corporation’s North American Division currently holds 12.3 percent of the U.S. Automotive market share and generated $60.2 billion in its 2013 U.S. wholesaling operations. Toyota’s brand image is frugality, efficiency, and reliability Toyota took a major hit globally in 2011 when the company lost 800,000 units due to earthquakes in Japan and recall issues due to accelerator and brake problems. Because of the expected losses in market share caused by these issues, there is opportunity for domestically based automotive makers to take some of Toyota’s market share while they are recovering (Ruiz, 2013). With the popularity of Toyota’s hybrid Prius model, this may present an opportunity in the fuel-efficient or hybrid market.
**Nissan North America**

Nissan North America is a subsidiary of Nissan Motor Company and sells both the Nissan and Infiniti brands in Canada, Mexico, and the United States. Nissan current holds 7.8 percent of the market share in the U.S. automotive wholesaling industry with 2013 revenues in the U.S. totaling $37.9 billion. One of the main successes for Nissan was seen with the Nissan Versa, which sold for under $10,000 and had good gas mileage (Ruiz, 2013).

**Honda**

Honda is Japan’s second-largest automaker and the world’s largest motorcycle manufacturer. In the U.S. automotive wholesaling market for 2013, Honda controlled 8.6 percent of the market and had revenues of $42.2 billion. Honda is known for innovation, simplicity, and frugality. Honda was also the first to produce a commercially available hybrid vehicle with the Honda Insight and continues to focus on innovation and fuel-efficiency moving forward (Ruiz, 2013).

**Environmental Analysis**

**Industry Overview**

Revenues for the U.S. automotive industry in 2013 were approximately $488.6 billion and profits were $10.3 billion. The expected growth of the industry over the next five years is 1.8 percent annually with revenues reaching $534.6 billion by 2018. The industry as a whole has reached the mature stage of the life cycle, has higher revenue volatility, and a high level of concentration. Industry production of vehicles moving forward is expected to follow the consumer demand of producing greener vehicles domestically (Ruiz, 2013).

The automotive industry was hit hard by the economic downturn in 2008 and 2009 when revenues fell 22 percent and 19.3 percent respectively. However, in more recent years of 2011 and 2012 sales rose 10.8 percent and 13.4 percent. Industry trends for employment in the wholesale companies continue to be lean in order to increase profit margins (Ruiz, 2013).

**Disposable Income**

The health of the automotive industry is highly dependent on the per capita disposable income of consumers which is expected to rise in 2014. This presents a possible opportunity for the industry (Ruiz, 2013).

**Interest Rates**

As automobiles are an expensive good, these purchases are usually made through a line of credit and, therefore, are affected by the interest rates of lenders (Ruiz, 2013). As interest rates are projected to stay relatively low through 2014, this presents a possible opportunity to the market (Fuscaldo, 2014).

**Government Regulations**

While the level of regulation in the wholesale automotive market is relatively light (Ruiz, 2013), vehicles are required to be able to reach 54.5 miles per gallon by 2025 (Sawayda, 2013) due to
increases in the Corporate Average Fuel Economy (CAFE) Standards. This regulation is expected to increase the demand for vehicles such as hybrids (Ruiz, 2013).

**Gas Prices**
While the world price of crude oil is expected to decrease in 2014, it remains volatile and expensive meaning that it will continue to be a threat to automotive industry (Ruiz, 2013). This will also continue to increase the consumer demand for alternative energy vehicles and fuel efficiency.

**Revenue Volatility**
Due to the economic recovery, the automotive industry has seen high levels of revenue volatility. As the economy steadies, the industry is hoping that revenues stabilize (Ruiz, 2013) but a continued focus on customer value and delivering products based on customer demands is essential to avoiding significant hits to revenue streams.

### SWOT Analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Parent company, GM, holds the largest market share in the U.S. automotive industry (Ruiz, 2013)</td>
<td>• Per capita disposable income is expected to increase in 2014 (Ruiz, 2013)</td>
</tr>
<tr>
<td>• A brand image strongly associated with American culture (Sawayda, 2013)</td>
<td>• Industry projected growth of 1.8 percent annually for the next 5 years (Ruiz, 2013)</td>
</tr>
<tr>
<td>• The rereleased Camaro’s popularity among consumers (Sawayda, 2013)</td>
<td>• Consumer demands for fuel efficient vehicles (Ruiz, 2013)</td>
</tr>
<tr>
<td>• The combination of the large size and fuel-efficiency of the Impala (Sawayda, 2013)</td>
<td>• Low interest rates projected through 2014 for auto loans (Fuscaldo, 2014)</td>
</tr>
<tr>
<td>• The superior fuel efficiency and reasonable price tag of the Cruze (Sawayda, 2013)</td>
<td>• China presenting the largest market for automobiles (Sawayda, 2013).</td>
</tr>
<tr>
<td>• The popularity of Chevrolet pickup trucks with consumers (Sawayda, 2013)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Company reputation after the 2008 bankruptcy and government bailout took a hit (Sawayda, 2013)</td>
<td>• Vehicles are required to be able to reach 54.5 miles per gallon by 2025 (Sawayda, 2013)</td>
</tr>
<tr>
<td>• The Corvette entering the maturity stage of the product life cycle (Sawayda, 2013)</td>
<td>• world price of crude oil remains volatile and expensive (Ruiz, 2013)</td>
</tr>
<tr>
<td>• Negative reviews on the 2012 Impala creating uncertainty for sales of the product (Sawayda, 2013)</td>
<td>• High revenue volatility (Ruiz, 2013)</td>
</tr>
<tr>
<td>• Competitors continued focus on fuel-efficiency (Ruiz, 2013)</td>
<td>• High levels of revenue volatility (Ruiz, 2013)</td>
</tr>
<tr>
<td>• Consumers buying used cars as an alternative to a new vehicles (Ruiz, 2013)</td>
<td></td>
</tr>
</tbody>
</table>
SWOT Analysis Summary

Strengths
With a brand image that is strongly rooted in American culture (Sawayda, 2013), Chevrolet has many strengths working in its favor. Its parent company, GM, controls the largest share of the U.S. automobile wholesale market with 19 percent (Ruiz, 2013). It also has positive attributes that resonate well with its target market for many of its vehicles including the Camaro, Impala, Cruze, and Silverado (Sawayda, 2013).

Weaknesses
While many of its vehicles are doing well and it is a part of American culture, the bankruptcy and government bailout the company experienced in 2008 and 2009 has hurt its reputation in the eyes of consumers and the company will need to continue its focus on customer value to avoid such problems in the future. In addition, there are vehicles in its lineup that Chevrolet will need to innovate if it plans to keep them on the market (Sawayda, 2013).

Opportunities
With a growth projected in the industry (Ruiz, 2013) and low interest rates, (Fuscaldo, 2014) there are many opportunities in the automotive market. It is essential that companies continue to focus on fuel-efficiency and a core objective, as this is the demand being made by consumers (Ruiz, 2013). In addition, as the world becomes increasingly global, China is a market that Chevrolet should consider investing resources in, as it is the largest market globally for automobiles (Sawayda, 2013).

Threats
The threats to the automotive industry, in large part, center on the high cost of crude oil and the need to combat this issue. With increased government regulations on fuel efficiency (Sawayda, 2013) and consumers looking to decrease to cost of running their vehicles, there is no other option but for companies to focus, at least in part, on innovations that improves fuel efficiency of vehicles or utilizes alternative energy (Ruiz, 2013). Due to this increased focus, the competition around this attribute is likely to be high. In addition, with the economy still in a rebound, consumers may still buy a used vehicle over buying new in order to save money (Ruiz, 2013).

Assumptions/Missing Information
While this case is well written and gives a broad scope of company history and product line up, it could have used increase focus on the customers and competition. Some information on both of these subjects was sprinkled throughout but a greater focus on projected customer demands and some of what the competition is producing would have given a better context to the case.
For the customers, not only should it have listed the percentage of sales the industry sees for various products, it could have also given more demographic information, such as income and age, of Chevrolet’s average customer.

In regards to competition, a brief company history and what aspects of the product lineup or company image are in direct competition with Chevrolet would have helped to build a better picture on the market that Chevrolet faces. In addition, some key players were left out or only briefly mentioned such as Honda and Nissan.

**Statement of the Problem**

**The Problem**
Chevrolet needs to continue its practice of product innovation in a way that increases customer value and builds positively on the brand’s reputation.

**Symptoms of the Problem**
- Consumer preferences continue to turn towards fuel efficient vehicles.
- Government regulations mandating increased fuel efficiency
- Chevrolet’s need to improve its reputation in the eyes of consumers after the 2009 bailout.

**Development of Alternatives**

**Alternative #1: Increased Concentration on Global Markets with High Demands**
In this alternative, Chevrolet would input a greater amount of effort into its presence in countries such as China that have a higher demand for vehicles than the United States. This would increase their potential customers and allow for other means of increasing revenues.

**Alternative #2: Streamlining Global Production of Vehicles**
In a similar manner as Ford did, Chevrolet could streamline the global production of vehicles so that it was offering the same vehicles on the global market as it did domestically. This would require Chevrolet to look at consumer demands on a global level and focus its production efforts on the vehicles that would do the best on the global market as a whole.

**Alternative #3: Increased Focus on Fuel Efficiency and Creating New Alternative Energy Vehicles**
With consumer demand for fuel-efficient vehicles so high and government regulations in the regard increasing, it is only natural for Chevrolet to focus on this initiative. This would allow the
company to compete even more with some of its competitors who may have a head start in this market and it will also allow the company to stay ahead of customer demands.

**Evaluation of Alternatives**

**Alternative #1: Increased Concentration on Global Markets with High Demands**

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>The large market opportunities in China</td>
<td>Goes against the brand’s American core image</td>
</tr>
<tr>
<td>Increased revenue streams</td>
<td>Could cause Chevrolet to fall behind in the domestic market</td>
</tr>
<tr>
<td></td>
<td>Strict government regulations presented by the Chinese government</td>
</tr>
</tbody>
</table>

**Alternative #2: Streamlining Global Production of Vehicles**

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increases production efficiency</td>
<td>Less customization for differing customer needs</td>
</tr>
<tr>
<td>Allows the company to focus its resources on fewer products</td>
<td>Heavier financial reliance on a less diversified product portfolio</td>
</tr>
<tr>
<td>Presents a unified brand image</td>
<td></td>
</tr>
<tr>
<td>Decreases production costs</td>
<td></td>
</tr>
</tbody>
</table>

**Alternative #3: Increased Focus on Fuel-Efficiency Creating New Alternative Energy Vehicles**

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Works with projected consumer demand for fuel-efficiency</td>
<td>Highly competitive attribute that is difficult to keep as a competitive advantage</td>
</tr>
<tr>
<td>Helps reach towards the increased government regulations for fuel-efficiency</td>
<td></td>
</tr>
<tr>
<td>Also works in other markets, such as China, that have a high demand for electrical vehicles</td>
<td></td>
</tr>
</tbody>
</table>
**Recommendation**

Out of all of these alternatives, it is recommended that Chevrolet focuses on making its current lineup more fuel-efficient while also looking into expanding its offerings of alternative energy vehicles.

With continued focus on improving the fuel-efficiency of its current lineup, Chevrolet will not only be satisfying customer demand, but it will also be working towards the fuel-efficiency standards regulated by the government. With competition also focusing on fuel-efficiency, it would be remise of Chevrolet to focus elsewhere and fall behind the competition.

In addition, with increased government regulations for this attribute, it is important that Chevrolet invests in the research and development of multiple types of alternative energy vehicles to combat the high price and scarcity of crude oil (Ruiz, 2013). This will also allow Chevrolet to introduce some of these new vehicles into other markets, such as China, that are interested in alternative energy vehicles (Sawayda, 2013).

**Implementation**

**Step 1: Evaluate Current Vehicle Lineup and Resource Allocation**

The first step in an increased focus on fuel-efficiency and alternative energy vehicles would be for Chevrolet to evaluate its current products for any needed improvements or possible discontinuation in order to ensure that it is allocating its resources in a way that will produce vehicles that return the highest level of customer value at the right price.

**Step 2: Increasing the Fuel-Efficiency of Current Models**

After Chevrolet has evaluated its lineup and reallocated resources accordingly, its first focus should be on increasing the fuel efficiency of its current models. These are the models that are currently entrenched in its brand already and already have a customer following. For this reason, it is most important to start with these improvements first.

**Step 3: Invest in Research and Development of Alternative Energy Vehicles**

A few years down the road, after the improvements to the current lineup are well underway, significant investments should be made towards alternative energy vehicles. The goal should be to increase the number of alternative energy vehicles by two or three vehicles by the year 2025. This would be in line with the increased government regulation and would allow for Chevrolet to discontinue any models that it felt it could not make meet these new fuel requirements without sacrificing the breadth of products offered.
Evaluation and Control

The keys to evaluation and control of this plan is best done by benchmarking Chevrolet against its main competition of Ford, Chrysler, Toyota, Nissan, and Honda. It is essential that no company get too far ahead.

It is also important for the company to stay in tune with customer demands. While the price of crude oil is likely to stay relatively high and therefore the demand for these changes to stay in play, it is important that Chevrolet alter its resource allocation in a way that provides the highest value to the customer. The only way the Chevrolet can really continue to be a symbol of American culture and improve its reputation among consumers is to focus on the value it is adding to the consumer’s life.

In order to do this, it is suggested that GM invest in a significant amount of market research regarding any new product it plans to release or changes it plans to implement to ensure that it resonates well with the target market.
Works Cited

