

## Article

# Brand Recognition, Interdepartmental Conflict, and Performance: An Investigation of Porter's Differentiated Competitive Strategy Implementation in a Large Chinese Automobile Company

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**Abstract:** Due to the unique market context and consumer differences, Porter's generic competitive strategy has often failed in China. This study examined the impacts of managerial factors on performance by using the company brand as an indicator of performance; furthermore, we discuss the management issues of Chang'an when adopting a differentiated competitive strategy. This research used a quantitative method to form a consumer cognition map and compared product brands with competitors. It also investigated the managerial factors of the case company that affected the implementation of a differentiated competitive strategy. Interviews of the managers from the case company were also conducted to provide an in-depth understanding of management issues. The results show that the case company, Chang'an, as a large state-owned automobile manufacturer, failed to generate satisfactory outcomes by implementing a differentiation strategy. The reasons for the unfavorable enterprise performance include unclear departmental role positioning, a lack of communication mechanisms, and missing evaluation mechanisms. This research offers an in-depth investigation of the application of Porter's differentiated competitive strategy in a Chinese state-owned company (there has been little academic attention on this). Since many state-owned companies use similar management structures, the results of this research can help managers find management problems and fix them.

**Keywords:** differentiated competitive strategy; PALS model; state-owned company

**Citation:** Zhang, B.; Wang, D.; Mo, L.; Huang, X. Brand Recognition, Interdepartmental Conflict, and Performance: An Investigation of Porter's Differentiated Competitive Strategy Implementation in a Large Chinese Automobile Company. *Sustainability* **2022**, *14*, 13546. <https://doi.org/10.3390/su142013546>

Academic Editor: Flavio Boccia

Received: 7 August 2022

Accepted: 29 September 2022

Published: 20 October 2022

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## 1. Introduction

Porter's generic strategies were proposed in 1980; since then, brand differentiation, cost control, and competitive strategies have been the focus of corporate managers [1]. Porter (1980) [2] argued that, for an enterprise, a general strategy model will result in better company performance compared to no strategy model. Subsequent research explored the scope of the generic strategy, and for many industries, the use of each strategy model is significantly different [3]. For example, Allen et al. (2007) [4] explored the use of Porter's general strategy model in Japan. The factor analysis showed that Japanese companies use hybrid strategies, including cost leadership strategies and differentiation strategies. Powers and Hahn (2004) [5] used the banking industry as an example, and conducted adaptive research on Porter's generic strategy model, studying the adaptation conditions of cost leadership/differentiation and strategies/specifications. They found that, for the banking industry, the use of cost leadership strategies leads to better performance. Leitner and Guldenberg (2010) [6] conducted a longitudinal study of Australia's small- and medium-sized enterprises (SMEs), and the results revealed that a combination strategy is

superior to a single-use differentiation strategy in terms of profit and growth. When examining generic strategies for gaining a competitive advantage, the classical framework by Porter (1980, 1985, 1998) [2,7,8] is often used. According to Lamont, Marlin, and Hoffman (1993, p. 626) [9], and Block, Kohn, Miller, and Ulrich (2015, p. 39) [10], this framework still has relevance in current research [11,12].

However, although research on Porter's generic strategy model has been conducted among different industries and countries, differentiated competitive strategies in Chinese state-owned companies have seldom been investigated [13]. As many state-owned companies adopt similar management structures and the Chinese market has a unique context and consumer differences, there is a call for researchers to determine the mechanisms under such specific conditions [14]. Consequently, this paper combines Porter's classical framework (1980, 1985) [2,7] of differentiated competitive strategies with the PALS model and poses the following question:

How are managerial factors that impact company performances indicators of the performances in (the context of) Chinese state-owned companies?

This question is crucial because, first, it can reveal how managerial factors affect the implementation of differentiated competitive strategies, which have been scarcely analyzed in the academic field [15,16]. First, it will help companies appropriately apply Porter's differentiated competitive strategies; second, as Chinese companies are holding more market share, understanding the differentiated competitive strategy mechanisms of a typical Chinese state-owned company can help enterprises from home and abroad better strategize. For instance, Ng and Pan (2022) [17] indicated (via four studies) that the implementation of competitive strategies in China can be differentiated and worth researching. Third, differentiated competitive strategies are considered effective ways to achieve sustainable and dynamic brand development [18]. However, existing research studies mainly focus on whether companies should implement product or brand differentiation strategies, as well as their impacts on corporate profits (e.g., [19–21]). The answer to the question above can help businesses build and manage their brands in a more sustainable way.

Based on the above, this research mainly has two research objectives: The first was to test whether differentiated brand strategy management is effective in a Chinese state-owned company. On this basis, we conducted an in-depth exploration of how a Chinese state-owned company implements brand management, we particularly looked into how related departments collaborate. This research uses both quantitative and qualitative methods to identify the managerial factors of the case company. Such research methods have been proven to be externally and internally sound [22,23]. By forming a consumer cognition map, and comparing product brands with competitors, as well as interviews of managers from the case company, we discovered why a differentiation strategy fails to generate a satisfactory outcome (e.g., due to unclear departmental role positioning, a lack of communication mechanisms, and missing evaluation mechanisms). These findings may help enrich both the theoretical and managerial understanding of Chinese state-owned enterprises.

## 2. Literature Review

Porter's differentiated strategy research in China explores the path of differentiation at the marketing level and focuses on how consumers perceive corporate differentiation. Zhang's (2012) [24] research is from the perspective of enterprise management, exploring misunderstandings of the model and speculating on the influence of the model, but it does not reveal, in-depth, how the model's failure is generated or how to solve it. Sun et al. (2016) [25] explored the failure of Porter's model via a consumer behavior analysis. Although research on Porter's model is comprehensive today, the widespread use of the model in China is still relevant. In the 44 years of China's reform (and opening up), the economy has grown rapidly, and the automobile market is a seller's market. At this stage, it is not necessary for enterprises to use the enterprise management model effectively. However, since 2018, the Chinese economy has faced a period of competition in which

both exports and the growth of GDP have declined, competition between enterprises is fierce, and supply exceeds demand. Enterprises need to examine themselves and improve management efficiency. Therefore, reviewing Porter's model is an objective requirement of market competition in China today.

### 2.1. Differentiated Competitive Strategy

In previous research on Porter's model and its performance, researchers primarily took an empirical approach to explore whether the general strategy model was used, or which specific strategy was related to performance. The independent variables affecting performance were mainly developed from the 4P and 4C theories, such as services, products, and marketing. The studies by Ma (2008) [26] and Liu et al. (2013) [27] on the setting of independent variables and the construction of regression models were based on certain marketing or management theories, all of which have their own limitations. Therefore, this research does not aim to build a new regression model but to continue Zhang's (2012) [24] research. The study focuses on the implementation process in enterprise management and operations, and deeply explores the factors affecting the use of models in enterprise management practices. An empirical investigation is often used to study the strategy/organization/performance relationship. Lorsch and Allen (1973) [28] believed that large multi-level business unit strategies could be influenced by the choice of key business unit personnel, the internal organization of the unit, and organizational influences from outside the business unit. Allen and Helms (2006) [29] proposed a Porter generic strategy model that included strategic practices, tactics, and an organizational performance model to demonstrate the influential variables in Porter's generic strategy model and corporate performance.

In the definition of the dependent variable 'performance', and the choice of indicators, Allen et al. (2007) [4] explained that, "most studies on organizational performance use a variety of financial and non-financial success measures. Researchers employ financial measures such as profit, turnover, return on investment, return on capital employed and inventory turnover. Nonfinancial measures include innovation and market standing. In fact, in many research situations, it is impractical or impossible to obtain objective measures of organizational performance [4]. Abbott (2009) [30] introduced the brand element and used concept and category measurement methodologies to demonstrate that brand perception could influence the performance of a company from a consumer perspective. This research supports McCracken's (2002) [31] view that a differentiated strategy gives a company a differentiated competitive advantage, but the message of differentiation must reach the client. The distinguishing elements include the size of the firm, geographical reach, product, delivery system, etc. Abbott (2009) [30] argued that branding and brand design are factors that affect the differentiation strategy. The decisive factors that really affect a customer's purchase are the brand's emotional attributes [30]. Gruntegs et al. (2005) [32] believe that brand influence, as an influential factor, is increasing, while other factors are declining. Companies with strong brands have achieved competitive advantages and market protection by carefully aligning key quality products with their brands [33]. Therefore, the brand can be regarded as an important indicator for measuring enterprise performance under the differentiated strategy model, and the maintenance of the brand needs to be supported by the internal enterprise through product research and development, and advertising appeal. However, using the brand to measure the performance of the general strategy model has not been conducted previously. Hence, this study explores whether the use of Porter's model in Chinese companies produces the value that Porter argues, such as shaping the differentiation of enterprises and products, and what factors affect the use of the model. This is very important for Chinese businesses, which have to deal with tough market competition since the reforms.

## 2.2. Application of the Differentiated Competitive Strategy in China

In China, Porter's competitive strategy, especially the differentiated competition strategy, has been extensively studied. Ma (2008) [26] explored the implementation path of the differentiation strategy, emphasizing the applicability of the differentiation strategy to the automotive industry. As competition in the automotive market intensifies, the phenomenon of product homogenization has become more serious. Consumers are now faced with a choice of dozens of brands of segmented products. In such a market environment, the differentiation strategy has been a breakthrough strategy for many manufacturers. Ma (2008) [26] believed that products, target consumers, services, and brand images should all be differentiated and that this could effectively improve the competitiveness of enterprises. Zhang (2012) [24] analyzed the situation of differentiation strategies from the perspective of enterprise managers and noted that differentiation had become a basic choice for today's Chinese enterprises. However, the reality is that many Chinese companies are caught up in misunderstandings of three aspects: the true meaning of differentiation; the decision-making of differentiated strategies; and the implementation of differentiated operations [24]. Zhang believed that enterprise managers usually regard differentiation as a matter of marketing and R&D. Enterprises are not unaware of the importance of differentiation. However, in the specific implementation, they only assign tasks to marketing and R&D. To this end, the company requires personnel in the marketing department to carry out analyses, formulate segmentation, targeting, and positioning (STP) strategies, and conduct research and configuration of the 4P portfolio. The R&D departments are required to design products in different styles. In implementing the differentiation strategy, the marketing department and the R&D department lack effective communication, while other departments do not recognize their roles and responsibilities. The whole company lacks consensus, a unified system, and a coherent process mechanism, bringing conflict to resource allocation and goals, resulting in an invalid differentiated strategy. Zhang's (2012) [24] research looked at differentiation strategies from the point of view of business managers, but it didn't have a lot of case studies or point out the most important things to do to solve the problem.

Exploring the practical path of the differentiation strategy, Liu et al. (2013) [27] noted that, in Porter's competitive strategy theory system, the differentiation strategy meant that enterprises could be differentiated by product image, technical characteristics, customer service, or marketing networks. Forming a unique competitive advantage in the industry, which is the essence of the differentiation strategy, is a way to pursue monopoly elements. Based on the 4P and 4C theories, Liu et al. (2013) [27] conducted a multiple regression analysis and empirically studied the internal mechanisms of the implementation of the differentiation strategy of the four major commercial banks in China. The results show that, in the process of strategy implementation, differentiation in market segmentation, distribution channels, and service play significant roles in effectively improving performance. The implementation of a product differentiation strategy and an account management system has certain promotional effects on the overall performance of the differentiation strategy. But building and keeping up a bank's image and keeping a database of customer information do not improve business performance.

In China, the three divisions and one restricted zone given by the generic competitive strategy theory were confirmed to be in a state of total failure under certain circumstances [25]. From the consumer's perspective, people have the same needs but seek differences. It is not true that the more differentiated the product, the better. In cases where there is a high perceived risk, consumers prefer to choose familiar products rather than differentiated ones [34]. In many cases, consumers are faced with budget constraints, and can only choose products with moderate differentiation. Therefore, according to the characteristics of their shopping behaviors, Chinese consumers often compromise on choices. Liu et al. (2015) [35] highlight that, in China, a combined strategy should be used to link cost leadership and differentiation. Previous limits were taken away, so there are now a lot of ways to combine low costs and being different.

### 3. Method

#### 3.1. Case Selection

A large Chinese automobile manufacturing enterprise, China Chang'an Automobile Group Co., Ltd. (ISIN:CNE000000R36, hereafter Chang'an, China), was chosen as the case study company. The company was established in 1862. It is a state-owned enterprise that manufactures and sells automobiles. Chang'an has used Ford's management model since forming a joint venture brand with Ford in 2001, including the use of the product attribute leadership strategy (PALS) management tool.

PALS is based on the identification of product category attributes that align with competitive positions for the brand. The process enables the allocation of appropriate project expenditure against attributes based on analysis of the company's products and those of the competition, within the product category. This means new products offer unique propositions, as proportionally more emphasis (resources and/or investment) is placed on leadership attributes (i.e., those that the company wishes to lead the market in) (Abbott 2009). Product attribute leadership is a specific element of Porter's differentiation strategy. Companies try to differentiate themselves using a wide array of attributes, including overall quality, durability, reliability, style, visual appeal, taste, materials, and environmental friendliness. Therefore, it is reasonable to say that Chang'an has adopted a differentiated competition model strategy and has 18 years of experience.

#### 3.2. Research Design

This research is mainly divided into two parts. The first part is an examination of Chang'an's implementation of a differentiated brand strategy. Through a questionnaire survey, the consumer brand recognition of Chang'an, and the other three competing brands, was compared, and the consumers' mental cognition map was constructed. After deriving the consumers' mental cognition map, the authors interviewed relevant personnel involved in the PALS model from various departments (brand, product planning, product research, and development). The 10 respondents in the interview were from different positions in the company, including managers, deputy managers, directors, and senior engineers, making them representative enough to reflect the real situation of the departments [36]. The interview questions included whether the quantitative results were recognized, the causes, analysis, and improvement measures of the results, and, based on the status quo, the problems of using the differentiated competitive strategy model, which helps to understand how a differentiated strategy model could give enterprises differentiated competitive advantages. The information from the interviewees is coded in Table 1. A total of 1180 valid questionnaires were collected at the retailing stores and automobile exhibition from January to October 2021. The interviews were conducted at the Chang'an company in December 2021.

**Table 1.** Interviewee list.

Department	Position	Code
Brand	Manager	B1
	Deputy Manager	B2
	Director	B3
Production strategy	Manager	P1
	Deputy Manager	P2
	Director	P3
	Deputy Director	P4
Vehicle technology expert	Manager	V1
	Senior Engineer	V2
	Senior Engineer	V3

This study used brand cognition as a core indicator of performance and examined the performance of the differentiated strategy model by testing consumers' brand cognition differences. Using brand cognition as a performance indicator is in line with the purpose of this paper, which was to examine the internal factors of enterprise management that affect enterprise performance [37].

From the brand management perspective, the PALS model is a tool for breaking down corporate brand cognition into product brand cognition indicators, reflecting the contributions of product brands to the enterprise brand. The use of the PALS model reflects how the performance of the differentiation strategy is influenced by the management practices within the enterprise. In the cognition measurement method, the authors introduced the measurement of brand cognition, i.e., the consumer's mental cognition map obtained by the corresponding analysis method, which has the advantages of intuitiveness, clarity, and statistical significance.

The authors applied the items used by the Chinese brand consulting industry and the consulting company Brightlion to establish 12 emotional image entries and 14 functional image entries (as shown in Table 2). Testing existing users of the segment covered by Chang'an, consumers scored the brand image and product image of the company and three of its competitors: Trumpchi GAC Group (hereafter Trumpchi), Haval Great Wall Automobile Company (hereafter Haval) and Geely Global (hereafter, Geely). Through the corresponding analysis, using SPSS software, we examined whether Chang'an, compared to the competing products, had established differentiated brand recognition, and the contribution of vehicle brand recognition to corporate brand cognition. This shows internal management's contribution to the differentiated strategy.

**Table 2.** Functional and emotional entries.

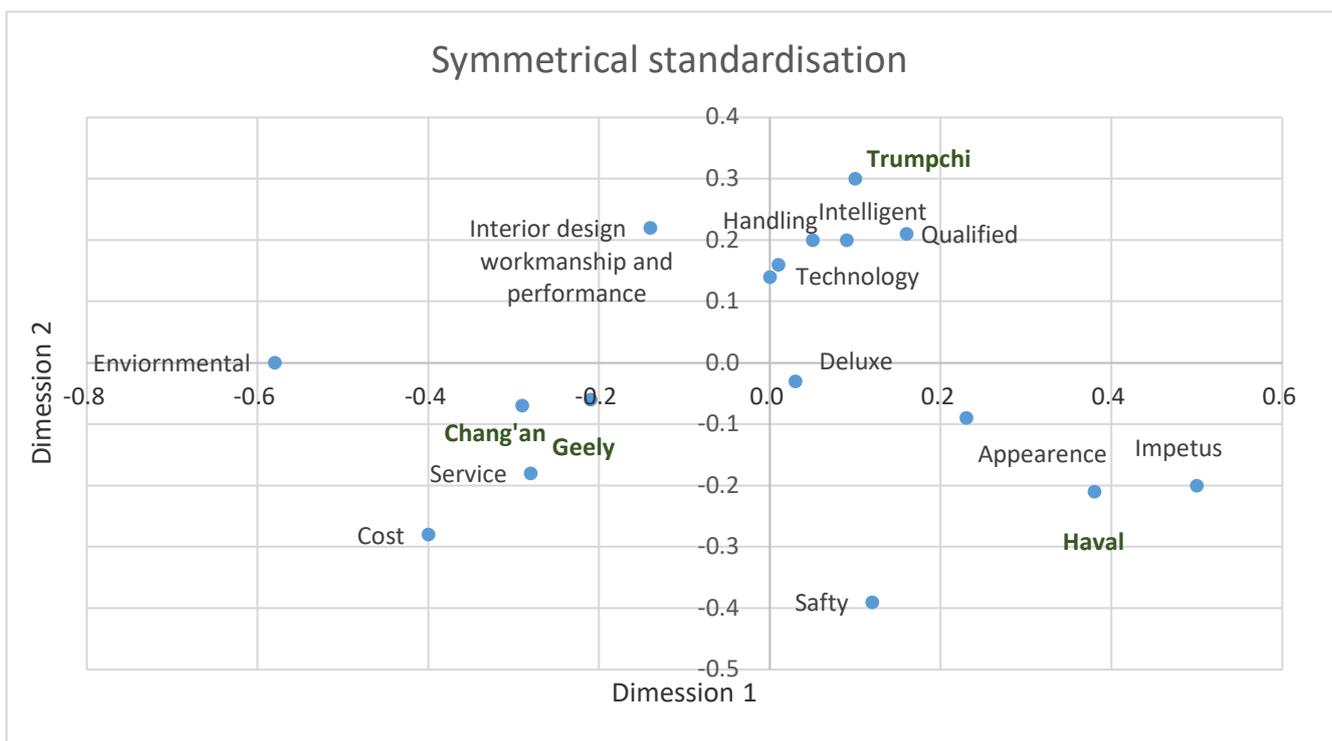
Number	Functional Entry	Number	Emotional Entry
1	Qualified	1	Passionate and energetic
2	Leading technology/R&D capabilities/strong technical force	2	Personalized
3	Good safety performance	3	Humanized design
4	Cost-effective	4	Powerful
5	Good-looking appearance	5	Deluxe
6	Good Interior design	6	Fashionable
7	Fine workmanship/excellent process performance	7	Full of driving pleasure
8	Impetus/powerful	8	Sporty
9	Good handling performance	9	Suitable for family use
10	Comfortable driving	10	Suitable for young people
11	Richly configured	11	Tasteful
12	Environmental protection/fuel economy/economic energy saving	12	Trustworthy
13	Intelligent technology/technology sense		
14	Provider of high-quality products		

## 4. Data Analysis

### 4.1. Weak Consumer Recognition

In Figures 1 and 2, the distance between the scatter points reflects the strength of the correlation. The results of the corresponding analysis show that the corporate brand of Chang'an did not produce strong brand recognition in functional image cognition or emotional image cognition. Its competitor, Haval was closely related to functional entries, such as powerful, good safety performance, and a good-looking appearance. Trumpchi was related to functional image entries, such as technology, good quality, good interior design, and good handling performance. Compared with Chang'an, Geely was close to functional

entries, including qualified and good configuration. For the mental cognition of emotional entries, Trumpchi was close to passionate and tasteful, indicating that Trumpchi was successful in the establishment of these entries. Haval was more closely related to deluxe and sporty, which was due to Haval's specialization in the SUV subcategory. Geely was close the winning entries with innovative, personalized, and humanized design. Chang'an was close to the entry suitable for family use. From the corresponding analysis of consumer cognition, the four automobile manufacturing brands were relatively separated. However, Trumpchi and Haval established richer and more differentiated brand image cognition. GeelyD was also rich in regard to the cognition of emotional entries. Chang'an had not established brand recognition.



**Figure 1.** Consumer (functional) cognition map of Chang'an, Trumpchi, Haval, and Geely.

In order to study the degree of support of product brands to company brands, this study selected Chang'an and Geely, and used the entries shown in Table 1 to test the support of the two companies' product brands/company brands.

Examining the relationship between product brand and corporate brand, comparing Chang'an and Geely (Figures 3 and 4), it can be seen that the brand of Geely was closely related to its own product brand, especially the EC series, New Vision series, New King Kong series, and Bo Yue series. The relative distance between Chang'an's product brand and enterprise brand was much further. As a core model, Ruiqi CC had the weakest contribution to the enterprise brand. Therefore, the contribution of Chang'an's product brand to its company brand was weak.

PALS was used to break down the enterprise brand into product brand indicators, reflecting the contribution of the product brand to the enterprise brand. The PALS model reflects the degree to which the product brand supports the enterprise brand. Using brand recognition as a performance indicator, the results of the brand differentiation strategy of Chang'an were not satisfactory. Chang'an did not establish brand recognition or differentiate brand recognition as well as its competitors (Trumpchi, Haval, and Geely).

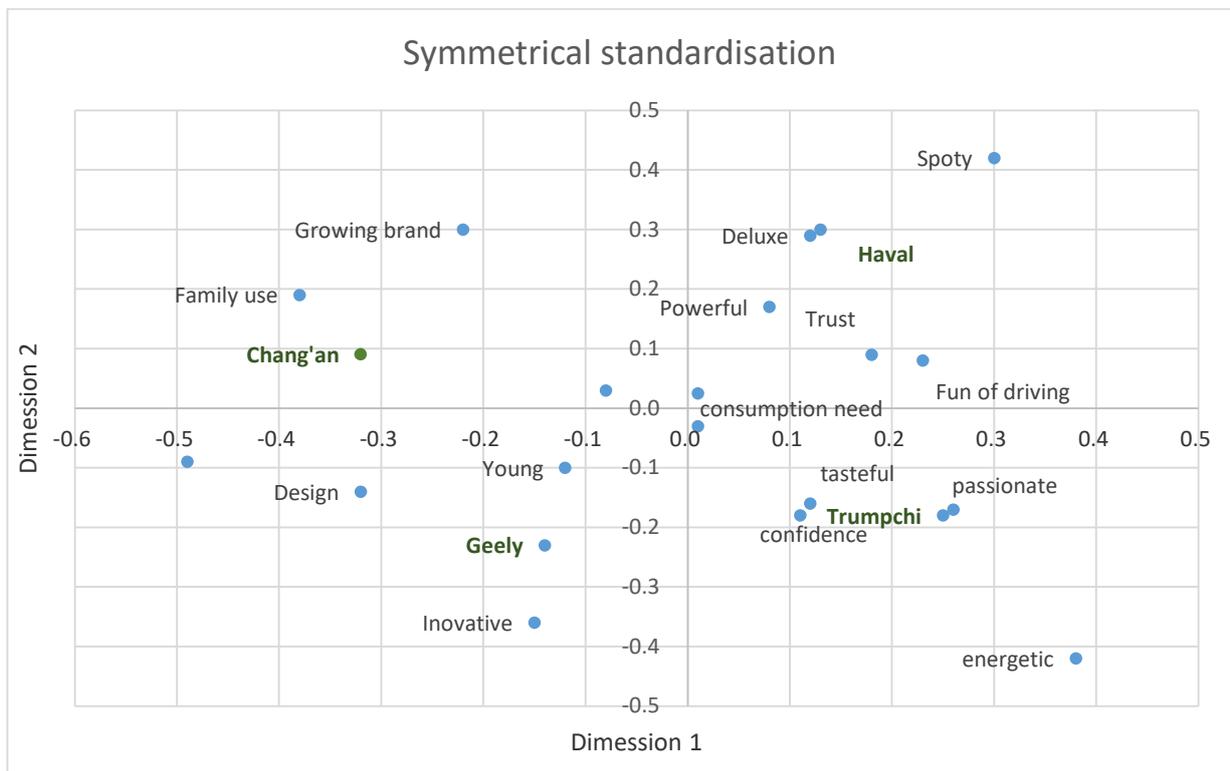


Figure 2. Consumer (emotional) cognition map of Chang’an, Trumpchi, Haval and Geely.

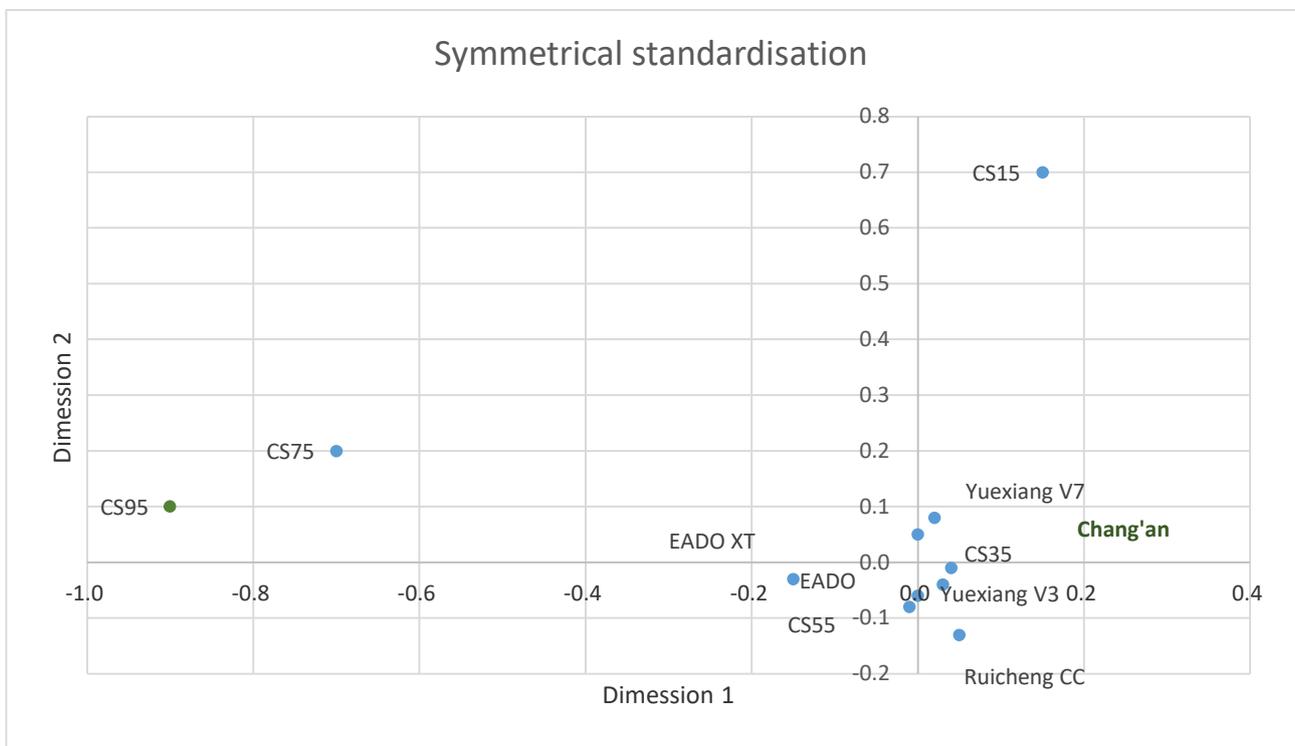
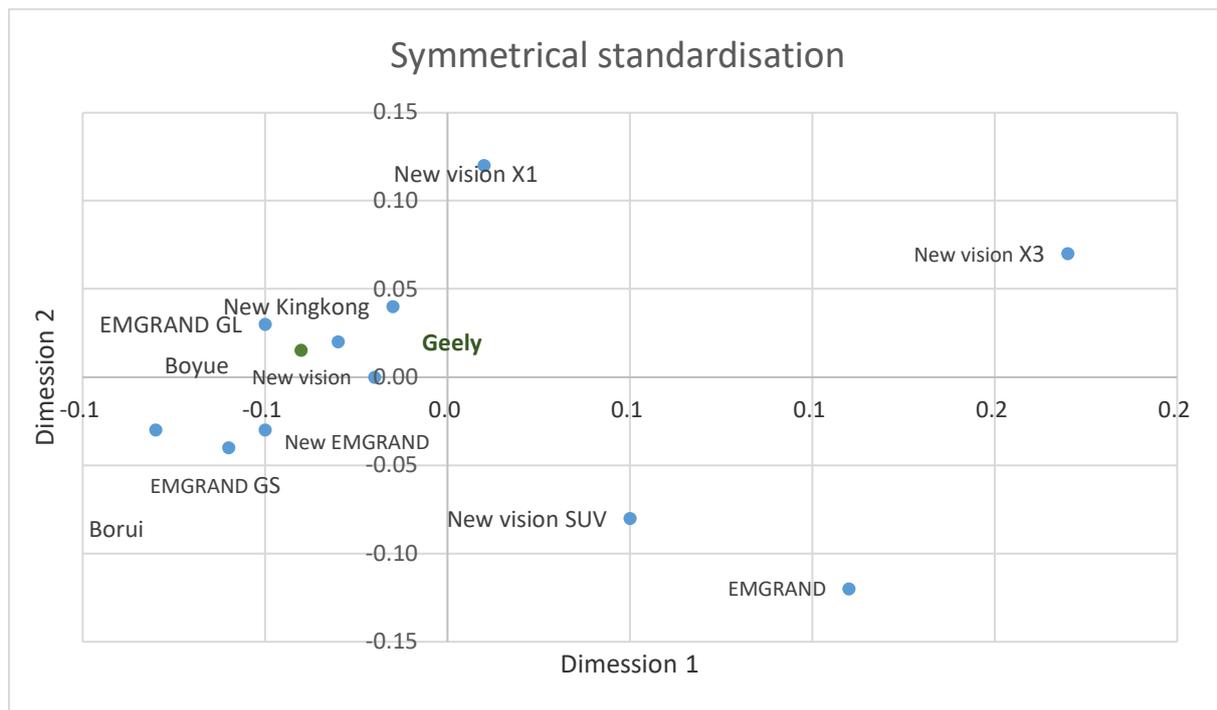


Figure 3. Product brand cognition and enterprise cognition of Chang’an.



**Figure 4.** Product brand cognition and enterprise cognition of Geely.

#### 4.2. Brand Department, Production Strategy Department, and Vehicle Technology Expert: Interactions and Conflicts under the PALS Model

The results for consumer cognition show that Chang'an did not achieve a favorable performance by using the differentiated strategy model for 18 years. The authors studied the processes and problems for Chang'an in implementing differentiation strategies through in-depth interviews.

The steps involved in using the PALS model in Chang'an are as follows:

S1: The brand and public relations department confirm the brand positioning and understand the target consumer needs, including usage scenarios, product functional requirements (for example, whether a skylight is needed), and attribute level requirements (for example, the material level and intelligence level of the sunroof), willingness to spread, etc.

S2: The product planning is proposed by the brand and public relations department and product planning department to ensure brand consistency and product market segment diversity. According to the cluster analysis, these two departments determine the population categories in the market, including willingness to pay, willingness to spread, factors of concern, separation, etc., then select a suitable target group to establish brand awareness.

S3: The brand planning department is responsible for the market segment planning, such as the model planning of the small SUV market, including, but not limited to, brand DNA, consumer needs, competing products, new technology planning, etc.

S4: The product development team is formed by the vehicle performance department, using the LACU tool (leadership, among leadership, competitive, under competitive) to technically break down the product planning. For example, the product (code name, A110) should be designed to be ahead of competitors (Haval F5). The vehicle performance department compares, breaks down, and develops according to the product planning (model breakdown, front face L-class, headlight A-class, turn signal U-class). The vehicle performance department determines which level of LACU that the Haval F5 belongs to.

S5: Before coming to the market, the brand department, product planning department, and project team conduct a pre-market consumer evaluation to judge whether the developed model meets the requirements of brand positioning and product planning in the minds of consumers.

S6: After coming to the market, the brand department and product planning department monitor and evaluate consumer understanding of the changes to the brand.

The authors interviewed each department involved in PALS and observed relevant meetings. The interviewees included the heads of the brand departments, the person in charge of product planning, and technical experts (the vehicle performance department).

#### 4.2.1. Brand Department: Weak Internal Communication Mechanism

The person in charge of the brand department agreed with the consumer cognition results but said that the brand department did not participate in using the PALS model. The role of enterprise product brands was expected to change after 2017 in Chang'an. Before 2017, product promotion was the main focus. The product planning department proposed the product selling point and the brand department promoted the product according to the input and the public opinion structure of the product planning department. In 2017, the brand department began comprehensive brand management work, and considered relevant indicators of brand management, such as whether to establish brand differentiation positioning. Before the transition to brand management, the research of the brand department was mainly media preference research, and the differentiated cognition of segmented consumers had always been something the brand department wanted to promote.

In Section 4.2, we make direct reference to the interviewee code in the interviewee list (Table 1) to give the readers a better understanding of the case. According to interviewee B1, "(consumer cognition) is important for brand management and communication. We started applying (to start this work) in 2016, but got instructions and formal approval in 2018, and are currently researching it. There is no official result yet."

Considering the departmental communication platform required by the PALS model, the head of the brand department believed that the internal communication mechanism of Chang'an was not fully open. For example, the population clustering standard used by the product department was different from the population research clustering standard used by the product planning department, which resulted in the target group and related features of the brand department not being found on the crowd canvas of the product planning department. Although Chang'an recognizes this internal management communication problem, there is no consensus on its solution. The leader responsible for the matter gave the task of finding a solution to the product department and the product planning department, but the argument between the two departments focused on which department's standard was more suitable for current market demands (according to interviewee B3). As to whether to seek a professional opinion when making judgments and decisions, the superior leaders asked two departments to coordinate by meeting, but the conclusions and opinions were different in the two departments, and which were more professional could not be identified. If the problem is not resolved, the working assessments of the two departments will be affected, so the current approach is to solve the problem by "surface", which means the idea and direction of solving the problem is given in the work report, but there is no result at this stage (according to interviewee B2).

#### 4.2.2. "Two Skins" of the Product Planning Department

For interviewee P1, the head of the product planning department, the consumer cognition results did not meet the expectations of the product planning department because the product planning department had an independent product planning language system based on customer perception, to ensure that the product planning met competition difference requirements. However, his conclusion on consumer cognition was not refuted.

According to interviewee P1, "the result should be true. Taking Geely as an example, the New King Kong and EC series are very close in cognition because they are produced on the same production platform".

The main responsibility of the product planning department was product planning. Learning from Ford, Chang'an established its own set of language systems, and connected the language of consumer perception to product attributes. It made the LACU plan and

input it to the vehicle performance department. The reason that the PALS model did not form a segmentation in brand recognition mainly consisted of product planning and product development having “two skins” (according to interviewee P2). Product planning and product development have their own language systems and scale standards, and these two standards do not correspond exactly. Therefore, in the process of product planning and product development, two sets of standards and results emerged. For example, in the A120 model plan, the control level was L, but at the end, the A120 was made with power level L and control level C. There are three reasons for this ‘two skins’ phenomenon. Firstly, the communication mechanism does not correspond exactly. The language list of product development and the language list of product planning do not completely correspond. Secondly, some product developments are not in line with the plan. Even when such problems are discovered during the pre-marketing evaluation, they are promoted due to the project deadline. For example, the A230 model did not reach product design level L, but due to the tight market release time, the leader agreed to release it. Thirdly, the vehicle performance department acted as both “referees and athletes” (according to interviewee P4). There was no uniform standard for evaluation.

According to interviewee P3, “in the product development team, there are many sub-departments involved, such as if the financial accounting costs exceeding the standard, to reduce costs, the attribute level has to be lowered”.

Although the company recognizes this problem internally, various departments respond upwards, but there are two decisive reasons for this unsolved problem. The first is a lack of professional management and the second is an insufficient high-level driving force (high-level leaders propelling the work). Therefore, the actual situation at Company A at this stage is that “meetings are regularly organized to discuss this issue, but never to make decisions” (according to interviewee P1).

#### 4.2.3. Technical Experts in the Vehicle Performance Department: Effective Communication Information Loss

Considering the consumer cognition results, both interviewees V2 and V3 thought that, compared with Chang’an, Geely’s products had strong core brand DNA, which is reflected in the details of the product designs, such as the buttons on the steering wheel, which are more comfortable and humanized designs. The product planning department in Chang’an spends time and money on unrelated elements.

According to interviewee V2, “they will put the central control panel on the co-pilot side, and design a lot of patterns. This design has no actual functional value, and will distract the driver’s attention”.

The PALS model is a valuable tool for the vehicle technology experts, but its use within the enterprise is weak. Firstly, the understanding of consumer usage scenarios and functional appeals entered by the product planning department are very shallow.

“The granularity of the consumer portraits of Ford ten years ago describes that women consider the trunk as a second storage room, therefore functional design requires in-depth tracking and understanding. The company’s current consumer portrait is homogenous” (according to interviewee V2).

Secondly, the related technology list language update is not timely.

“With the development of intelligent and new energy, many technical language lists need to be updated, such as chassis electronics and stability, which is a new attribute that combines intelligence and new energy, but we don’t have it in the list” (according to interviewee V2).

Thirdly, in the technical evaluation criteria, there are some failures in product planning and development, mainly due to the lack of objectivity in the evaluation of the LACU (according to interviewee V3).

Interviewee V1 believed that product performance development contributed to brand differentiation. For example, Geely’s products have a strong brand DNA, and the value of the PALS model is to coordinate the various departments to jointly build brand differen-

tiation cognition. From the perspective of product development, V1 frequently reported related problems. Since Chang'an's work reporting mechanism is quarterly, the issue of the PALS model in the vehicle technology expert department has previously been raised. Research into the PALS model was carried out within the company, but the result was "frustrating" (V1). Although the granularity of the research is more detailed and includes specific improvement measures, such as which department leads, what kind of work is done, and what the standard is, when the various departments report to the CEO, the working reports are from a macro-perspective, so the content of the report changes from specific implementation measures to the establishment of a language standard update mechanism. Although the nature is the same, due to macro-expressions, effective information is lost, and "leaders are not aware of the seriousness of the problem. PALS is ultimately only a research program, not a reform program" (according to interviewee V1).

In summary, the problems of Chang'an using the PALS model are, firstly, the logic of the PALS model is in establishing brand differentiation, but the brand department does not conduct differentiated positioning research and input to other relevant departments. The status quo is "what to plan and what to spread" instead of "what to differentiate, what to plan and what to spread". The second problem is that the planning language and technical language are obsolete, and do not completely correspond. Consumer portraits are not clear enough, and there is ambiguity in understanding requirements, which leads to failure of the conversion of planning language and technical language. Thirdly, the coinciding roles of the vehicle performance department results in a lack of effective standards and tools in the evaluation process.

## 5. Conclusions

### 5.1. Discussions

Porter's generic strategy model has been widely applied and tested in both theory and practice [38,39]. Through research and reviews, the authors found that effective tests of Porter's model in Chinese enterprises are rare, and there is a lack of in-depth research into the performance of the model. The authors added to the existing research results by applying the performance test of Porter's generic strategy model to Chinese enterprises, and testing the effects of Chinese companies using Porter's model in the current era. The results show the process of enterprise management and variables that were found to affect Porter's generic strategy model.

This study continues the research paradigm of Abbott (2009) [30], using brand cognition as a measure of performance, and introduces a consumer cognition map as a tool to refine the research method. However, from the case study, the view that the differentiated strategy model gives enterprises differentiated competitive advantages cannot be supported, which outlines the boundary of the differentiated strategy model. That is to say, to successfully implement the differentiated competitive strategy, the internal management of the enterprise should be taken into account.

To verify the above idea, an empirical investigation exploring the factors affecting strategy performance was conducted. It found that internal communication problems affect enterprise performance, which corresponds to Lorsch and Allen's (1973) [28] research. These findings also support Allen et al.'s (2007) [4] Porter generic strategy strategic practices and tactics organization performance model. This study found that the factors could be explained by the internal management of the enterprise, i.e., each process of understanding, decision-making, and execution of the differentiation strategy affected the results of the differentiation strategy [24].

Three critical factors apply to the differentiation strategy were discovered through in-depth interviews with the implementers of differentiated strategies (using PALS tools), which echoed previous studies and further advanced the academic discussion [4,28]. The author noted the case study enterprise had an unsatisfactory performance in the implementation of differentiated strategies, including unclear role positioning between departments, a lack of communication mechanisms between departments, and missing evaluation mech-

anisms. The factor that most affects the performance of the differentiation strategy is the role of leadership, as well as the priority of management efficiency and enterprise administration. This is mainly reflected in three aspects. Firstly, the role of the leader should be professional or managerial. In Chang'an, the leader's perception of Porter's general strategy model is insufficient, and, as a result, cost leadership strategy and differentiated strategy affect and overlap each other. This phenomenon is mainly reflected in the product development process, and the financial department has insufficient support for the differentiation strategy. For example, the budget leads to a problem of reduced product attributes. Secondly, there is a question of whether leaders should be involved in the decision-making process for professional issues. Since Chang'an is a state-owned company, its administration requires leaders to be involved in the decision-making process for professional issues. As a result, management solutions meet the leaders' expectations first, rather than really solving problems. Thirdly, in terms of management mechanisms, there are obvious administrative priorities above efficiency, which affect performance. Although the improvement measures for management issues have been clarified, there is no clear leadership decision, so they are impossible to continue to implement in the company. This problem is due to the nature of the enterprise, i.e., being a state-owned enterprise. However, although the problems of government-administrative management of Chinese state-owned enterprises were not the focus of this study, it is significant to figure out the specific reasons why these kinds of companies have difficulty in implementing differentiated strategies for further progress.

### 5.2. Limitations

From this Chinese enterprise case, the main internal factors affecting the implementation and performance of Porter's differentiated strategy are the role of enterprise leaders and the management mechanism. This also narrows the gap in the implementation of former research models [24,30]. However, due to the limitations of the sample, the authors selected Chang'an only as a research object, although the company's understanding of the model is not sufficient and the performance is not satisfactory. Therefore, the conclusions might not be applied to the overall performance of Chinese companies. In addition, the factors affecting strategy performance, the role of leaders, and leadership mechanisms, are determined by the nature of the case company. As a large state-owned enterprise, there are many departments within Chang'an, and the professional division is highly subdivided. Promotions from the bottom up lead some leaders to only understand their own professional fields, which results in insufficient professional knowledge when they are transferred to other departments.

### 5.3. Possible Future Explorations

In the future, the following aspects are worth exploring: First, whether there are similar problems in all Chinese companies (to some extent), and what the influences are. Since Porter's model often fails in the Chinese market, extending the conclusion of this study to more enterprises will be a potential research field. Second, whether these factors will also influence the strategies of SMEs (or whether the mechanisms will be different) should also be explored. As SMEs form a crucial part of the economy (and are different from giant companies), digging into this aspect can enrich both academic and managerial discussions.

**Author Contributions:** Conceptualization, B.Z. and D.W.; methodology, B.Z. and L.M.; software, X.H.; validation, D.W., L.M. and X.H.; formal analysis, L.M.; investigation, X.H.; data curation, L.M. and X.H.; writing—original draft preparation, B.Z.; writing—review and editing, B.Z., D.W. and L.M.; visualization, B.Z.; supervision, B.Z.; project administration, D.W. All authors have read and agreed to the published version of the manuscript.

**Funding:** This research received no external funding.

**Institutional Review Board Statement:** The study was conducted in accordance with the Declaration of Helsinki, and approved by the Ethics Committee of Shenzhen University.

**Informed Consent Statement:** Informed consent was obtained from all subjects involved in the study.

**Data Availability Statement:** The data are not publicly available due to ethical restrictions, the interviewee need to be remained. All Respondents need to remain anonymous and original data may reveal information that could lead to identity disclosure.

**Conflicts of Interest:** The authors declare no conflict of interest.

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