The importance of branding in the success of a product in the car market

Why are new Chinese cars being marketed under non-original brands in the Iranian market?

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These days, we are witnessing a huge number of new Chinese cars being introduced to the country's car market by old or newly established car manufacturers. The common feature of most of these cars is that instead of being marketed under their original Chinese names, they are marketed under Iranian names or names different from their original names. Among these products, we can mention the Jack Kerman Motor pickup truck, which has been launched on the market under the name KMC T8 or the abbreviation of Kerman Motor Company. Also, another product, a mid-size crossover called KMC K7, is actually a product of Jack Motors, a trading partner of Kerman Motor. Also, Bahman Group has marketed its Dunk Feng product under the name Fidelity or has marketed another product from the Jetor brand under the name Fidelity. But what is the reason for this business policy? And why do Iranian manufacturers market their new Chinese products under different names and brands from the original brand?

The reason for this lies in one point, and that is the importance of branding in the market and gaining a suitable position for the product. To understand this issue, let me give an example from my work experience; In 2013, I was working as a senior expert in the marketing unit of Midran

Khodro Company. Until then, the products of that company were marketed in the Iranian market under the brand name MVM, which stood for Modiran Vehicle Manufacturer, which was an Iranian-made name that had acquired a foreign appearance as an abbreviation. The advantage of using the Iranian name was a five percent discount on the import of separate parts, which was one of the reasons for the company to use this name for Chery products (a business partner of the car managers). In addition, branding and so-called embedding the MVM brand seemed easier for the company and the managers at the time than the original Chinese brand, Chery. But in that year, 1392, the company was undergoing a strategic change. By that time, all of its products were in the category of low-cost and relatively low-priced cars in the market, which ultimately competed with the low-cost or middle-class products of Iran Khodro and Saipa. However, at that time, the company, in its strategic vision that it had chosen for market development, was planning to enter the upstream markets. To launch new Chery brand products to compete with high-end cars from Iran Khodro and Saipa or cheap imported products. Now the question that arose was whether the brand position of MVM is sufficient to compete as a high-end product with cars such as Renault Megane, Suzuki Vitara, Renault Duster and other cheap imported cars? According to research conducted, all customers and potential customers knew the MVM brand as a cheap brand and in fact the brand image was formed in the minds of customers as a cheap brand. Now the question was whether if more expensive and higher-end products were launched under the MVM brand, would these products be welcomed by customers? At that time, a brain storming session was held among the senior managers and experts of sales and marketing, and I, who was a final-semester student of a master’s degree in strategic marketing at that time, focused a lot of attention on the issue of branding. In that session, I suggested that two different brands be used to market the company’s low-cost cars continue to be marketed under the MVM brand, and the new and higher-end cars, which were considered relatively expensive, be marketed

under the original brand, which is Chery. A controversial proposal that was widely discussed in the meeting, but ultimately the company's current management and board of directors accepted it after numerous reviews, and thus the new generation of high-end products for car managers was introduced to the market next year with its first product, the Tiggo 5, under the Chery brand, which was widely welcomed and became one of the best-selling Chinese products in the country's market. Another reason for adopting this branding strategy was to compete with Kerman Motor, because at that time Kerman Motor had two different brands, and its low-priced cars were from the Lifan brand and relatively more expensive cars from the Jack brand. This was while the MVM brand image in the market had been formed at the level and size of Lifan and did not have much competition with the Jack brand. But with this branding strategy, the new products were easily placed at the level and size of Jack and even higher. After Chery Tiggo 5, Auto Managers launched other more expensive products under the Chery brand, including Chery Arrizo 5, Arrizo 6, and Tiggo 7. This strategy continues and has contributed significantly to the company's success in gaining a major share of the Chinese car market to this day. After Auto Managers' success in using this branding strategy, other Chinese car manufacturers also used this policy. For example, Kerman Motor has changed the name of its new and more expensive products from Jack to KMC, which stands for Kerman Motor Company. In fact, its policy is exactly the same as Auto Managers' policy, with the difference that Kerman Motor has used an Iranian name for its more expensive products, while Auto Managers offers its cheaper products with an Iranian name. Bahman Group also uses the rebranding policy.