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## BUSINESS STRATEGIES OF CAR BRANDS ON THEIR PATH TO SUSTAINABILITY

## БІЗНЕС-СТРАТЕГІЇ АВТОМОБІЛЬНИХ БРЕНДІВ НА ЇХНЬОМУ ШЛЯХУ ДО СТАЛОГО РОЗВИТКУ

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The article is dedicated to examining the structure of business strategies of several large car brands within the context of achieving sustainable development goals. To conduct this research, the authors have used information from annual, integrated, or sustainability reports of seven global car manufacturers for 2023. The authors disclose a reason for indicating automobile manufacturers as pivotal market actors in ensuring sustainability under the stable economic growth. The article outlines key elements of business strategies of these global car brands for the next decade. The authors determine the conformity between the considered strategic initiatives and the sustainable development goals. The authors ascertain what considered strategic initiatives aren't directly connected to achieving sustainability. The article summarizes general tendencies in establishing development goals by the car manufacturers.

**Keywords:** business strategy, car brands, automobile industry, integrated reports, sustainability, sustainable development goals.

Стаття присвячена дослідженню змісту та структури бізнес-стратегій автомобільних виробників в контексті досягнення ними цілей сталого розвитку. Для проведення дослідження, автори використали інформацію з річної, інтегрованої звітності або звітності зі сталого розвитку семи глобальних автомобільних брендів за 2023 рік: Volvo, Mercedes-Benz, Honda, Škoda, Saab, SUBARU та Kia. Зазначені бренди були обрані через їхню належність до різних географічних регіонів (Центральна та Західна Європа, Східна Азія) та ринкових сегментів (бренди елітного та середнього класу). Для проведення дослідження авторами застосовано низку наукових методів: узагальнення, порівняння, аналіз, індукція. В літературному огляді зроблено акцент на розумінні того, якою мірою глобальні автомобільні бренди збираються запроваджувати природозахисні та соціальні ініціативи в найближчому майбутньому. Розглянуто причину визначення автовиробників як ключових гравців ринку у процесі забезпечення сталого розвитку за умов стабільного економічного зростання. Розкрито елементи бізнес-стратегій зазначених глобальних брендів на наступне десятиліття. Визначено відповідність між розглянутими стратегічними ініціативами та цілями сталого розвитку, затвердженими ООН. З'ясовано, які цілі сталого розвитку відповідають стратегічним ініціативам розглянутих автомобільних брендів: промисловість, інновації та інфраструктура; гідна праця та економічне зростання; сталий розвиток міст і громад; відповідальне споживання та виробництво; партнерство заради сталого розвитку; мир, справедливість та сильні інститути; міцне здоров'я і благополуччя; якісна освіта; скорочення нерівності. Авторами виявлено, які стратегічні ініціативи брендів напряму не пов'язані з досягненням сталого розвитку: мислити та діяти як елітний бренд; стати провідними інтегратором супутніх автомобільних послуг; нарощувати клієнтську базу; збільшувати доходи. У статті підсумовано, що елітні бренди, у порівнянні з брендами середнього класу, схильні більшою мірою орієнтуватися на цілі, не пов'язані зі сталим розвитком.

**Ключові слова:** бізнес-стратегія, автомобільні бренди, автомобільна промисловість, інтегрована звітність, сталий розвиток, цілі сталого розвитку.

**Setting up a scientific issue.** Achieving sustainable development is one of the large-scale goals of contemporary business and intergovernmental organizations. The extensive use of this concept at the global level over the past decade, particularly by the United Nations' bodies, has led to the emergence of an excessive number of scientific publications in management and economy. In this research, the authors want to pay attention to tools for achieving sustainability, which underpin automobile manufacturers' business strategies. Automobile transport, on the one hand, causes significant pollution of the environment but, on the other hand, accelerates relocation of humans and cargos and is an integral feature of the comfortable lifestyle. Hence, enterprises of this industry permanently improve approaches to ensuring an ideal correlation between the growth of sales and a decrease of ecological damage. In addition, most automobile manufacturers are global market players and leading companies in their countries. Consequently, governments keep a vigilant eye on their activities.

**Analysis of recent research and publications.** Examining of an interaction between business strategies, models, missions, and initiatives of large corporations and sustainable developments goals (SDGs) draws the attention of scientists, as well as managers of the highest level – all these experts try to find a better solution for a business in its attempt to achieve highest sales with the least possible damage to nature and a society. M. G. Edwards describes this growth paradox as a two-edged sword - expanding industries create capital and new opportunities for employment, but the global economic growth is having unprecedented detrimental impacts on vital planetary systems [1]. Hence, each large-scale company shall connect its corporate social responsibility initiatives as outputs of business strategies with SDGs to eliminate negative externalities its manufacturing process causes. E. Lukin, A. Krajnović, and J. Bosna summarize that problems of pollution have forced car manufacturers to turn to socially responsible business to meet the criteria for achieving sustainability at the global level. These manufacturers are constantly increasing their range of more environmentally friendly vehicles, attaching special attention to educating employees and developing a corporate culture that respects diversity, and encouraging renewable energy sources and the reduction in consuming resources [2]. U. Chauhan and T. Purohit highlight that automobile companies

should go beyond traditional CSR initiatives and take a more united approach to social responsibility: they advocate for more community engagement initiatives, such as educational and healthcare programs, youth development and mentorship programs in creating the next generation of socially responsible leaders [3].

**Highlighting aspects of the general issue, which haven't been resolved yet.** Although the above-mentioned scientists have considerably immersed in understanding the correlation between business strategies as planned efforts and SDGs as target outcomes of exerted efforts within the automotive industry, there is an obvious necessity for observing business strategies of car brands from different continents and sectors to understand tendencies in forming their long-term goals of the growth with the least damage to the external environment.

**Establishing goals of the research.** This article is aimed at: reviewing business strategies of the largest car brands; finding the conformity between elements (initiatives) of these strategies and SDGs; indicating strategies being the most applicable by manufacturers and those aimed at overcoming the damage caused.

**Disclosure of the main material.** To do this research, the authors have considered data from integrated, annual, and sustainability reports of 7 global car brands for 2023, namely Volvo, Mercedes-Benz, Honda, Škoda, Saab, SUBARU, and Kia [4–10].

In its annual report, Volvo outlines 7 business strategies: a) transforming to become a leading end-to-end integrator and to offer easy-to-integrate products and services through strong brands; b) growing the service business and target selected industry verticals; c) securing a desirable and sustainable product, leveraging new and well-known technologies, partnerships, and digital innovation; d) growing in Asia and the USA; e) developing robust profitability throughout the decentralized regional value chains; f) capturing, accelerating and scaling-up new businesses and developing competencies and capabilities needed; g) reinforcing value-based leadership and ways of working [4].

Mercedes-Benz's strategy is split into the following 6 initiatives:

1. Thinking and acting like a luxury brand – offering the most desirable vehicles on the basis of a combination of pioneering technologies, exceptional aesthetics, and integrated sustainability

2. Focusing on profitable growth – the transformation towards a full-electric vehicle

manufacturing and the growth in the lucrative market segments

3. Expanding a customer base – boasting an extraordinary brand portfolio that goes beyond the Mercedes-Benz core brand. This portfolio also includes the Mercedes-AMG and Mercedes-Maybach brands, as well as the iconic G-Class product brand

4. Embracing customers and growing lifetime revenues – the systematic creation of a unique customer experiences along its entire customer journey and addressing customers in an individualized and data driven manner within the Mercedes-Benz ecosystem

5. Leading in electric drive and digital experience – creating the essential preconditions for becoming all-electric, with ambitious product development goals and the market launch of new locally emission-free and software-driven technologies

6. Lowering cost base, improving industrial footprint, and increasing supply chain resilience – optimizing the break-even point and taking additional steps towards reducing the cost base and improving the industrial footprint [5].

Honda introduces 5 elements of its business strategy, which are as follows:

a) To realize a zero environmental impact society: efforts will be centered around the Triple Action to ZERO program, which integrates three elements – carbon neutrality, clean energy, and resource circulation – within a single initiative;

b) To realize a zero traffic collision society: Honda aims to halve the number of global traffic collision fatalities involving Honda motorcycles and automobiles worldwide by 2030 by combining three elements: awareness-building activities, technological development, and collaboration with others and system/service development;

c) The evolution of human capital management: the key principles of Honda's philosophy are to respect each other's initiatives and individuality, to establish equal relationships, and to foster trust among individuals;

d) Creation of innovative technologies: Honda is allocating additional resources to areas such as advanced technology research, power unit exploration, and materials investigation;

e) Brand value enhancement: Honda has redefined its global brand slogan, "The Power of Dreams," with the aim of clearly demonstrating the value it creates for customers worldwide and uniting all associates to collectively work towards a common purpose [6].

Škoda attaches attention to 3 directions underlying its business strategy: a) brand and

market: Škoda sets its priorities to become the most attractive brand for the group of customers designated Everyday Explorers (those profess traditional values, as well as a desire to explore the world around them), earning a Top-5 market share in Europe, and being the leading European brand in India and in the ASEAN region; b) technology and quality: creating models with modern, economical combustion engines and plug-in hybrids, which will remain the bread and butter of the range during the transitional stage on the road to electromobility; c) people and company: Škoda uses targeted HR processes to bring in new digital talents; employees have access to a digital educational ecosystem for individual requalification and education [7].

In Saab annual and sustainability report, its business strategy is expressed in 5 pillars:

1. Core areas and future capabilities: Saab seeks collaborations with customers and partners to drive innovation in future capability areas such as distributed sensor systems, cyber defense, and advanced weapon systems.

2. Operational efficiency: Saab is investing in automated production lines and increased digitalisation.

3. People and competence: Saab has initiated proactive work to attract and retain the right competences and leadership. Saab strives to develop a continuous learning culture and to build a sustainable work environment for employees.

4. Sustainable business: resilient and safe societies, green and social transition, and innovation and partnerships [8].

SUBARU discloses 6 business strategy's elements covering different areas of live: a) people-oriented car culture (the SUBARU car is presented as a partner that enriches people's lives and minds); b) resonance and coexistence (SUBARU will become a company that is trusted by, and resonates and coexists with, both individual customers and society as a whole); c) peace of mind (become a company that provides the utmost peace of mind to all stakeholders); d) diversity (offering products that respect diverse forms of market value, and respecting and reflecting the diverse values of personnel); e) environment (providing utmost care to the environment with company-wide activities); f) compliance (operating in accordance with laws and societal norms) [9].

The last participant of this research is KIA, which has indicated the following elements of its strategy:

1. Green / circular economy for the planet: mitigating carbon emissions, accelerating electrification, and scrapping vehicles and batteries.

2. Safety and satisfaction for all: safeguarding the safety and wellness of all with proactive efforts across various aspects including policies and technologies.

3. Transparent and credible governance: enhancing the environment, society, and governance [10].

Having determined the conformity between elements of the business strategies and SDGs [11], the authors can indicate an extent to which the global brands tend to improve the balance between high performance, a prosperous society, and the safe environment (Table 1, Table 2).

As can be seen in Table 1 and Table 2, only 6 of 35 elements of the strategies considered don't directly correlate with SDGs, particularly 2 strategic initiatives of Volvo, 3 initiatives of Mercedes-Benz, and 1 initiative of Honda. It can be assumed the luxury essence of the first and the second brands stipulates their orientation towards an increment of clients' attention rather

than caring about an opinion of the publicity not being involved in purchasing their cars.

In contrast to these two brands, Saab, Subaru, Honda, Škoda, and Kia as middle-class brands make emphasis on their social and environmental activities to obtain buyers desiring to associate themselves with socially responsible citizens.

**Conclusions.** The largest car brands as manufacturers exerting influence on nature and humankind attract the special attention of prospects, social activists, and governments. To eliminate the detrimental impact of carbon emission on ecology, these manufacturers transfer to producing electric vehicles. In addition to environmental initiatives being related to compensating the inflicting damage, car brands implement various initiatives aimed at enhancing the wellbeing of personnel employed by these manufacturers and communities living in the vicinity of factories. The analysis of the car brands' strategies shows that, despite the considerable social and environmental orientation of the brands, maintaining the high respectful status in the eyes of customers remains one of the main goals for the luxury car brands.

Table 1

**Conformity between SDGs and elements of the business strategies (luxury brands)**

Brand	Elements of the business strategies	Corresponding goals
Volvo	Becoming a leading end-to-end integrator	-
	Growth of the service business	-
	New technologies and digital innovations	Industry, Innovation, and Infrastructure
	Growth in certain markets	No poverty
	Developing robust profitability	Decent Work and Economic Growth
	Accelerating new businesses	Sustainable Cities and Communities; Partnerships for the Goals
	Reinforcing value-based leadership	Decent Work and Economic Growth
Mercedes-Benz	Thinking and acting like a luxury brand	-
	Growth of an all-electric segment	Responsible Consumption and Production; Climate Action
	Expanding customer base	-
	Embracing customers and growing lifetime revenues	-
	Leading in electric drive and digital experience	Industry, Innovation, and Infrastructure; Responsible Consumption and Production
	Improving industrial footprint and increasing supply chain resilience	Responsible Consumption and Production; Climate Action

Table 2

**Conformity between SDGs and elements of the business strategies (middle-class brands)**

Brand	Elements of the business strategies	Corresponding goals
Honda	Realizing a zero environmental impact society	Climate Action; Clean Water and Sanitation
	Realizing a zero traffic collision society	Sustainable Cities and Communities
	Evolution of human capital management	Decent Work and Economic Growth; Quality Education
	Creation of innovative technologies	Industry, Innovation, and Infrastructure
	Brand value enhancement	-
Škoda	Brand and market	Industry, Innovation, and Infrastructure
	Technology and quality	Climate Action; Industry, Innovation, and Infrastructure
	People and company	Quality Education; Decent Work and Economic Growth
Saab	Growth in strategic markets	Partnerships for the Goals; Climate Action
	Core areas and future capabilities	Industry, Innovation, and Infrastructure; Clean Water and Sanitation
	Operational efficiency	Industry, Innovation, and Infrastructure
	People and competence	Decent Work and Economic Growth; Quality Education
	Sustainable business	Peace, Justice, and Strong Institutions; Climate Action; Reduced Inequalities
Subaru*	People-oriented car culture	Industry, Innovation, and Infrastructure; Sustainable Cities and Communities
	Resonance and coexistence	Sustainable Cities and Communities; Partnerships for the Goals
	Peace of mind	Good Health and Well-being
	Diversity	Gender Equality; Decent Work and Economic Growth
	Environment	Climate Action; Responsible Consumption and Production
	Compliance	Decent Work and Economic Growth; Peace, Justice, and Strong Institutions
Kia	Green / circular economy for the planet	Climate Action; Responsible Consumption and Production
	Safety and satisfaction for all	Good Health and Well-being; Decent Work and Economic Growth
	Transparent and credible governance	Peace, Justice, and Strong Institutions

\*Conformity between SDGs of Subaru and elements of its business strategy is indicated in its report.

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