

# ***The Evolution of Chevrolet's Corvette Sports Car in the US from the Economic and Financial Strategy Perspective***

**Shuhan Jiang<sup>1,a,\*</sup>**

<sup>1</sup> *School of liberal arts and sciences, The university of Connecticut, Storrs, Connecticut, 06279*

*a. shuhan.jiang@uconn.edu*

*\*corresponding author*

**Abstract:** Under the trend of economic development, market competition is becoming fiercer than before. All walks of life are focused on introducing new technologies to increase the competitiveness of their own brands. Currently, the revolution of technology in the automotive industry is faster and more innovative. More and more auto parts have been replaced, and more advanced model designs have been constantly updated. Brands occupy market share by increasing the technological level of their products and setting more strategic pricing. Moreover, due to the impact of Covid-19, the price of chips required for automobile production has also enhanced significantly, and the purchase price of related products has also increased by different ranges. Affected by Covid-19, the primary target for brands in the automobile field is to maintain and attract customers. This paper mainly studies the price changes and market strategies of Chevrolet's Corvette during the epidemic, by consulting relevant literature and news. This paper finds that even in the context of the impact of the epidemic and the shortage of chips, the Corvette C8 has successfully ensured its market share, and the reasonable pricing adjustment based on market fluctuations makes it a leader.

**Keywords:** Chevrolet, Corvette, Cost-effective, COVID-19

## **1. Introduction**

Today, the world has been highly globalized, and the supply chain of the automobile industry has spread all over the world. However, influenced by the anti-globalization factor (Covid-19), the production efficiency of the upstream industries and the sales volume of the downstream industries of automobiles cannot reach the height of the first half of 2019, and the production costs of manufacturers have also risen to some extent. The reason is that the production costs of global parts suppliers have increased so that upstream automobile enterprises cannot reach the profits under existing prices. At the same time, some manufacturers have even been forced to halt production because of a lack of parts. For example, "We can confirm that Bowling Green Assembly will not run production the week of October 12 due to a temporary parts supply issue." GM anticipate the plant to resume normal operations on Monday, Oct. 19, according to the GM statement, "Our supply chain, manufacturing, and engineering teams are working closely with our supply base to mitigate any further impact on production." [1]. During the outbreak of Covid-19 cases, Corvette

C8, the eight-generation Chevrolet Corvette will switch to a mid-engined layout for the first time in the model's history[2], was introduced. This paper is to analyze the evolution of Chevrolet Corvette sports cars from the perspective of economic and financial strategies. Based on sample materials, among them, the comparative elements involved in this paper include: 1. Sales volume 2. price strategy 3. User satisfaction. This paper also studies the sales volume and policy adjustment of Corvette models delivered in the same year and compares the existing policies and profits of models of the same type and different brands before Covid-19 period. This proves that while the production of the Corvette has been negatively impacted by the COVID-19 pandemic, they were able to adapt effectively to the difficulties that arose and made the right decisions, such as switching to a mid-engine layout.

## 2. Sales Volume of Corvette

Before the Covid-19 period (in the first quarter of 2019), Chevy Corvette (no C8 model at that time) sales accounted for 41 percent of the segment's sales volume in Q1 2019 [3]. The main reason is that the price of different sports cars was higher than that of C7 at that time. Price advantage was the main competitive advantage of C7 at that time. However, sales of Chevrolet Corvette in the United States fell by 11% year-on-year. The decline of the same-type sports cars is around 3%. Even so, the Corvette is still the hottest car among them. Its sales volume is far higher than that of other vehicles of the same type (as shown in table 1).

Table 1: Sales numbers-premium sports cars – Q1 2019 – USA.

MODEL	Q1 19/Q1 18	Q1 19	Q1 18	Q1 19 SHARE	Q1 18 SHARE
CHEVROLET CORVETTE	-11.53%	3943	4457	41%	45%
PORSCHE 911	+ 15.25%	2894	2511	30%	25%
PORSCHE 718	-26.44%	665	904	7%	9%
MERCEDES – BENZ AMG GT	+ 69.03%	644	381	7%	4%
MERCEDES – BENZ SLC - CLASS	-13.14%	509	586	5%	6%
MERCEDES – BENZ SL - CLASS	-31.88%	436	640	5%	6%
BMW I8	+36.44%	161	118	2%	1%
AUDI R8	+69.32%	149	88	2%	1%
NISSAN GT-R	-31.11%	93	135	1%	1%
FORD GT	+110.00%	84	40	1%	0%
ACURA NSX	+17.91%	79	67	1%	1%
TOTAL	-2.72%	9657	9927		

From 2020 to 2022, (the C8 model has just been launched), the sales of this model will fluctuate to varying degrees based on the epidemic and the release of new cars. As a result, the growth rate is huge.

Table 2: Sales numbers-premium sports cars – Q2 2021 – USA.

MODEL	Q2 21/Q2 20	Q2 21	Q2 20	Q2 21 SHARE	Q2 20 SHARE	YTD 21/YTD 20	YTD 21	YTD 20
CHEVROLET CORVETTE	+224.15%	7971	2459	62%	34%	+132.23%	14582	6279
PORSCHE 911	+3.61%	2326	2245	18%	31%	+5.65%	5108	4835
PORSCHE 718	+91.95%	906	472	7%	7%	+176.61%	2412	872
MERCEDES – BENZ AMG GT	+31.41%	1117	850	9%	12%	+28.18%	2329	1817
AUDI R8	+103.91%	208	102	2%	1%	+78.89%	356	199
MERCEDES – BENZ SL - CLASS	-66.25%	133	394	1%	5%	-44.15%	444	795
NISSAN GT-R	-30.00%	49	70	0%	1%	-22.66%	99	128
ACURA NSX	+104.76%	43	21	0%	0%	+9.09%	60	55
FORD GT	+66.67%	30	18	0%	0%	-35.05%	63	97
MERCEDES – BENZ SLC - CLASS	-95.21%	24	501	0%	7%	-75.87%	222	920
BMW I8	-95.90%	24	501	0%	1%	-91.30%	10	115
TOTAL	+78.37%	12809	7181			+59.42%	25685	16112

As shown in table 2, the data was published from the second quarter of 2020 to the second quarter of 2021. Corvette's sales increased significantly. Through horizontal comparison, we find that Corvette's sales volume in the second quarter of 2021 increased by 3.2415 times compared with that in the second quarter of 2020. The market share of the segment has nearly doubled from 34% to 62%. Corvette's competitiveness has been greatly enhanced this year. This is the first half year since the Covid-19 outbreaks in the United States. At that time, all automobile brands were greatly negatively affected by Covid-19. Through vertical comparison, we find that Corvette has dominated the comparison of the main sports car industries since the second quarter of 2020. In July 2020, the sales volume of its main competitor Porsche 911 was close to 1:1. Until the second quarter of 2021, the sales volume of Corvette increased significantly while the sales volume of its main competitors even decreased. The sales ratio is about 1/3. Corvette's profit margin also stands out among its peers. The premium sports car segment expanded an average of over 78 percent to 12,809 units in Q2 2021, meaning that Corvette sales outpaced the segment nearly three-fold [4].

### 3. Corvette C8 – Effect of the Price Strategy to Sales Value

Firstly, we need to clarify a concept. Any market is profit-seeking. It means that improving "profit" is always the priority of businessmen. As a new Chevrolet model that just appeared before the epidemic, the C8 has undergone a pricing adjustment (price increase) after the outbreak. One of the sources of its increase is the increase in the cost of Chevrolet parts supply around the world due to the epidemic. The most representative is the shutdown of supporting suppliers. Factory inventory

prices continue to soar. The Corvette assembly plant was once shut down due to parts shortages. During the shutdown period, Corvette assembly plants in some regions were only able to supply downstream supplies with limited inventory. Its price has also risen. The price of parts and components also requires inventory to be pulled from overseas due to supply chain disruptions. Transportation costs have increased substantially.

From July 2020 to January 2022, Four Wheel Trader collected data of 2112 C8 on sale. As shown in the chart below. The price of these cars ranges from \$103000 to \$180000. Compared to the official suggested retail price, the price of these vehicles is too high although the pricing has dropped after the peak in 2021. There is also a market worth mentioning: the second-hand C8 market. In the past two years, the increasing price of new C8 has slowed down, but the price of second-hand C8 has continued to decline. Used Corvettes are still selling for more than new ones, which is quite the anomaly [5]. This is outrageous. The fact is few people are willing to pay high costs for second-hand cars. They are more willing to put the cost into the use of new cars. This directly increased the sales of C8 models. It is a pricing strategy naturally formed by the market economy. The automobile company does not take the initiative to intervene in this market phenomenon, just as the government often does under the market economy.



Figure 1: Price development of Corvette C8 from July 2020 to Jan 2022.

#### 4. User Satisfaction with Corvette C8

The Corvette C8 can be completely customized with body styles, colors, options, and accessories to suit the customer's preferences. Taking "colors" as an example, there are as many as 12 color options for the Corvette C8, the most popular of which are Torch Red and Arctic White. This met the needs of customers, and combined with a cost-effective pricing strategy, there was a total of 26,216 of 2021 Corvette Stingrays manufactured at the GM Bowling Green Assembly plant in Kentucky. In the first year of the 2020, C8 mid-engine Corvette, a total of 20,368 were produced. That means there are 5,848 2021s than 2020s [6]. 97% of customers would buy the Chevy Corvette again, says Consumer Reports [7].

Even with the hype surrounding the Corvette C8 model, the Corvette C8 itself hasn't disappointed customers, and the 2022 Corvette Stingray starts at just \$60,990 after adjustment and has a 0-60 mph time of 3.4 seconds. Consumer Reports measured its overall driving experience at 98/100, with excellent value for money and performance unmistakable, as Consumer Reports states that cars that live up to their promise, as well as their owners' expectations, are the most satisfying [7]. Strong momentum, ample customization options and cost-effective pricing, huge sales and market share undoubtedly reflect the customer's satisfaction.

## 5. Conclusion

In general, It can be said that the epidemic disrupted the original production method of Corvette. Its production scale has been negatively affected for some time. Reasonable price adjustments and production stoppages resulted in excessive price increases in the second-hand market but did not affect the market share of its products. Even in the context of the impact of the epidemic and the shortage of chips, the Corvette C8 has successfully secured its market share, adjusted its pricing according to market fluctuations and made it a leading position, becoming a cost-effective sports car with stable annual sales. Due to the impact of the epidemic, most of the material in this article comes from website resources and lacks proof materials and demonstrations for on-the-spot investigations. Future research can supplement the corresponding on-the-spot investigation data as demonstrations to study the development of Chevrolet's Corvette models in the future market or Policy Changes and Pricing Strategies in Other U.S. Auto Markets.

## References

- [1] Szczesny, J. (2020, October 19). *GM Shuts Down Corvette Plant Temporarily Due to Parts Issue*. The DETROIT BUREAU. <https://www.thedetroitbureau.com/2020/10/gm-shuts-corvette-plant-temporarily-due-to-parts-issue/>
- [2] Duff , M. (2018, July 18). *Corvette C8 Next-Gen Sports Car to Be Mid-Engined*. Pressreader. <https://www.pressreader.com/>
- [3] Cruz , F. (2019, May 9). *Chevy Corvette Sales Decrease 11 Percent To 3,943 Units In Q1 2019*. GM Authority. <https://gmauthority.com/blog/2019/05/chevy-corvette-sales-numbers-figures-results-q1-2019/>
- [4] Cruz , F. (2021, July 21). *Corvette Sales Dominate With 62 Percent Segment Share During Q2 2021*. GM Authority. <https://gmauthority.com/blog/2021/07/chevrolet-corvette-sales-numbers-figures-results-second-quarter-q2-2021/>
- [5] Foote , B. (2022, February 18). *C8 Corvette Prices Are Finally Dropping, but Will That Trend Continue?* Corvette Forum. <https://www.corvetteforum.com/articles/c8-corvette-prices-are-finally-dropping-but-will-that-trend-continue/>
- [6] 2021 Final Corvettes Production Numbers: Chevrolet Has Released the Final Stats. Find out Your Favorite Body Style, Colors, Options, and Accessories on the Second-Year Edition of the C8 Corvette Stingray. At the End of the Article, There Is a Downloadable Pdf Where You Can Examine the Comprehensive List. (2021, October 18). Vette-Vues. <https://vette-vues.com/2021-final-corvette-production-numbers/>
- [7] Putzer, M. (2022, January 10). *The 2022 Chevy Corvette Is the Most Satisfying Car, According to Consumer Reports*. MotorBiscuit. <https://www.motorbiscuit.com/2022-chevy-corvette-satisfying-car-according-consumer-reports/>