

## Analysis of sales of the main vehicle brands in Guayaquil

Análisis de las ventas de las principales marcas vehiculares de Guayaquil

Brithany Nahomy Sánchez Bustamante\*  
Marcelo Javier Bastidas Jimenez\*

### ABSTRACT

This study focuses on the analysis of the automotive market in Guayaquil during the year 2023, with the purpose of providing a comprehensive understanding of the factors shaping the dynamics of the sector. The analysis focuses on three main areas: consumer preferences regarding vehicle brands, the performance of the main brands in terms of sales volume, and the impact of import tariffs on the final price of automobiles. It investigates how consumers' purchasing decisions are influenced by aspects such as the brand, design, and technology of vehicles and how these preferences affect the competitiveness and success of brands in the market.

**Keywords:** automotive sector - local economy, vehicle sector, market conditions, sales trends

### RESUMEN

Este estudio se centra en el análisis del mercado automotriz en Guayaquil durante el año 2023, con el propósito de ofrecer una comprensión integral de los factores que moldean la dinámica del sector. El análisis se orienta a tres áreas principales: las preferencias de los consumidores con relación a las marcas de vehículos, el desempeño de las principales marcas en términos de volumen de ventas y el impacto de los aranceles de importación en el precio final de los automóviles. Se

\* MSC. Salesian Polytechnic University, bsanchezb2@est.ups.edu.ec , <https://orcid.org/0009-0003-9615-6535>

\* MSC. Salesian Polytechnic University, mbastidas@ups.edu.ec , <https://orcid.org/0000-0001-6448-1286>

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[journalbusinessentrepreneurial@gmail.com](mailto:journalbusinessentrepreneurial@gmail.com)

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investiga cómo las decisiones de compra de los consumidores se ven influenciadas por aspectos como la marca, el diseño, y la tecnología de los vehículos y cómo estas preferencias afectan la competitividad y el éxito de las marcas en el mercado.

**Palabras clave:** Sector automotriz - economía local, sector vehicular, condiciones del mercado, tendencia de ventas

## INTRODUCTION

The automotive sector is important for the local economy due to its significant contribution to GDP, through the manufacture, sale and maintenance of vehicles, thus generating income that boosts the country's economy (Ramírez & Gómez, 2021). In addition, this sector has a notable impact on employment generation, as it requires professionals such as engineers, assembly designers, sales personnel, and related services such as insurance, etc. (Martínez, 2022).

According to the Asociación de Empresas Automotrices del Ecuador (AEADE, 2023), in Guayaquil, Chevrolet leads the ranking of vehicle brands, followed by Kia, Toyota, Hyundai, Chery, Suzuki, Renault and Great Wall. The demand for vehicles has increased due to population growth, economic growth, and improved quality of life (AEADE, 2023). In addition, innovation in dealerships has played an important role, especially with the introduction of electric and hybrid vehicles (García & Pérez, 2022).

The analysis of vehicle sales in Guayaquil is enriched by applying the "Branding" theory of Philip Kotler, recognized as the father of modern marketing. According to Kotler, branding is the process of building and managing a brand to establish an emotional connection and differentiation in the consumer's mind. This theory is fundamental to understanding how brands such as Chevrolet, Kia and Toyota create clear identities that influence consumer perception and ultimately their purchasing decisions. Chevrolet stands out for its robustness in the pickup truck segment, while Toyota reinforces its image with advanced technology in hybrid cars. Chinese brands, such as Chery and Great Wall, have captured significant market share by offering vehicles with competitive value propositions, demonstrating how differentiation and delivering on the value promise are crucial to sales success (Kotler, 2021).

In addition, Kotler points out that branding has a direct impact on the consumer's buying process. Brands implement branding strategies to be preferred by consumers, which translates into increased sales. In the context of Guayaquil, the growing demand for electric and hybrid vehicles reflects how brands are adapting their strategies to meet consumers' expectations of sustainability and technology. Constant

communication, promotions, and the perception of social responsibility are essential elements that strengthen customer loyalty and increase market share (Kotler, 2021; Fernández & Ruiz, 2020).

The purchasing power of Guayaquil's population and accessibility to credit make vehicle purchases attractive, along with factors such as fuel prices and subsidies (López, 2021). Marketing strategies include advertising in traditional and digital media, sponsorships, events, promotions, and influencer marketing (Fernandez & Ruiz, 2020).

The typical vehicle consumer in Guayaquil is between 25 and 50 years old, middle and upper class, and tends to prefer SUVs for their versatility, but also looks for sedans and compacts for the city. Family, social status, and technological and safety features are important factors in their purchase decision (Rodríguez, 2022). There is a growing interest in hybrid and electric vehicles due to their sustainability and long-term savings (Ramírez & Gómez, 2021).

In terms of brands, Chevrolet leads in the pickup truck segment with models such as the D-Max, Kia has a strong presence with models such as the Kia Sonet, and Toyota stands out especially in the pickup truck and hybrid car market with models such as the Corolla Cross. Chinese brands, such as Chery, Great Wall and JAC, have captured approximately 30% of the market in the first four months of 2023 (AEADE, 2023).

Vehicle sales in Guayaquil are significant in the national context, although other cities such as Quito, Esmeraldas, Durán and Ambato also show notable growth (López, 2021). The COVID-19 pandemic affected sales in 2020, but in 2021 there was a recovery due to the economic reactivation and the easing measures adopted by the government (Martínez, 2022). However, the sector faces structural challenges, such as the high tax burden that makes vehicles more expensive (García & Pérez, 2022).

In Guayaquil, SUVs, especially Chinese models such as those from Chery, are increasingly popular due to their price and competitive features. In addition, there is an increased interest in electric and hybrid vehicles, driven by events such as the Auto show 2023 (AEADE, 2023). Consumers are looking for economical and technological vehicles, valuing value for money and fuel efficiency (Rodríguez, 2022).

The public's perception of brand quality and reliability varies, influenced by personal experience, brand reputation and the opinions of family and friends (Fernández & Ruiz, 2020). Sales strategies differ between national and international brands, with national brands focusing on promoting their local identity and competitive prices, and international brands focusing on their global reputation and a wider range of models (López, 2021).

Vehicle dealerships play a key role in the market by being the main points of sale for new and used vehicles, offering maintenance, financing, and insurance services (García & Pérez, 2022). Ecuador's economic and political situation may affect sales, influencing factors such as credit availability and the population's income (Martínez, 2022).

The automotive market in Guayaquil faces challenges such as competition, economic volatility, and government regulations, but it also has opportunities thanks to the growth of the middle class, urbanization, and the need for mobility (Ramírez & Gómez, 2021). Brands are adopting new technologies and promoting electric and sustainable vehicles, although full adoption may be limited by costs and infrastructure (García & Pérez, 2022).

Government policies influence vehicle sales through taxes and environmental regulations, affecting prices and demand (López, 2021). The perception of sustainability and social responsibility of brands is also important for consumers, valuing sustainable practices and corporate social responsibility (Fernández & Ruiz, 2020).

The future projection of the automotive market in Guayaquil will depend on several factors, but growth in vehicle demand is expected due to increased urbanization and the growth of the middle class (Rodríguez, 2022). Increased adoption of clean and efficient technologies, such as electric and hybrid vehicles, is also anticipated, driven by environmental regulations and increased awareness of sustainability (Ramírez & Gómez, 2021).

Overall, this article aims to provide a comprehensive and up-to-date understanding of the Guayaquil automotive market by analyzing various aspects ranging from consumer preferences to the macroeconomic implications that shape the industry. A detailed approach to these aspects not only provides an understanding of the current market dynamics, but also predicts future trends that may affect consumers and automakers in the region.

## **MATERIALS AND METHODS**

In order to determine consumer preferences regarding vehicle brands in Guayaquil and evaluate the impact of import tariffs in 2023 on the final price of vehicles marketed by the main brands in the market, we intend to conduct a simple random sampling and then a survey.

According to the results of the last National Population and Housing Census of Ecuador, the population of Guayaquil over 18 years of age was approximately 1.6 million people. To calculate the size of the random sample needed for a population of 1.6 million people with a confidence of 95% and a margin of error of 5%.

A sample of 385 individuals would then be surveyed, using the personal interview technique by intersection on the street.

In the case of the concessionaires, the information provided by the Superintendence of Companies, Securities and Insurance was considered, which indicates in its ranking of companies 2023 that there are a total of 236 concessionaires in the city of Guayaquil. The sampling applied in this case is that of trials, reaching a sample of 5 people, belonging to different concessionaires. The survey technique used is the in-depth interview. These results highlight the relevance of reputation in the automotive market, as most consumers seem to attach great importance to this factor when choosing a vehicle. This trend indicates that familiarity and trust in traditional brands play a crucial role in the purchase decision. The preference for brands with an established reputation underscores the importance of maintaining a good image and trust in the market to attract consumers.

## RESULTS

According to the preceding graph, it can be observed that a significant majority of people consider very likely 47.94% or likely 31.96% the possibility of buying a vehicle of a traditional brand such as Chevrolet, Kia or Toyota. Overall, this represents 79.90% of the responses.

On the other hand, a smaller group considers this possibility as unlikely 9.54%, indifferent 7.22%, or not likely 3.35%, adding up to a total of 20.11% who do not see the likelihood of buying a vehicle from these traditional brands with such certainty.

These results indicate that consumers tend to prefer traditional brands because of the familiarity and trust they have with . The strong inclination to consider highly likely the purchase of vehicles from traditional brands such as Chevrolet, Kia or Toyota reinforces this notion, underscoring the importance reputation and trust in consumers' purchase decision. These results highlight the relevance of reputation in the automotive market, as most consumers seem to attach great importance to this factor when choosing a vehicle. This trend indicates that familiarity and trust in traditional brands play a crucial role in the purchase decision. The preference for brands with an established reputation underscores the importance of maintaining a good image and trust in the market to attract consumers.

These results highlight the positive perception consumers have of the quality of traditional brand vehicles compared to other options available in the market. The majority of respondents show a high level of satisfaction, which underscores the importance of maintaining high quality standards to retain consumer preference, the value for money of traditional brand vehicles in Guayaquil is well valued by most consumers. This positive perception highlights the competitiveness of these brands in the local market by achieving a balance that meets customer expectations in terms of quality and cost, consumers attach to the availability of after-sales services and spare parts when deciding to purchase a vehicle from a traditional brand. The high valuation of these services indicates that consumers value not only the initial quality of the

product, but also the ongoing support and accessibility of maintenance. Maintaining a solid after-sales support and spare parts system is crucial for customer loyalty and competitiveness in the automotive market. These results show that there is a diversity of opinions among respondents regarding the consideration of purchasing a vehicle from a Chinese brand. Although a significant percentage is willing (totally or partially), there is also a considerable proportion that is indifferent or even unwilling.

This picture may reflect the varying familiarity consumers have with Chinese brands in terms of quality and reputation compared to traditional brands. Neutrality and low interest may indicate a lack of information or direct experience with vehicles from these brands. These results could influence the marketing and positioning strategies of Chinese brands in the market, highlighting the importance of improving the perception of quality to attract more consumers.

A minority segment perceives these vehicles as very reliable 15.21% or reliable 24.49%, for a total of 39.70% with a favorable opinion. In contrast, a considerable proportion of respondents consider them unreliable 33.98% or directly unreliable 7.74%, adding up to 41.72% who have a negative perception of the reliability of Chinese brands in this aspect. These results underscore the need for Chinese brands to improve the perception of reliability among consumers. Confidence in long-term durability and performance is crucial in the vehicle purchase decision, significantly influencing consumer preference.

These findings indicate significant consumer demand for the integration of advanced technologies in Chinese brand vehicles. This perception highlights the strategic importance for Chinese brands to focus on developing and promoting technological innovations to remain competitive in the global automotive market.

The importance of consumer perception and personal experience in the willingness to recommend automotive products from Chinese brands. The variability in responses suggests areas where these brands can focus on improving perceived quality, reliability and customer satisfaction to strengthen consumer trust and loyalty, key factors in the decision to recommend vehicles to others.

The results focused on the commercial advisors of vehicle dealerships in Guayaquil reflect a combination of challenges and significant achievements. In the first half of the year, they faced a slow period and changes in the market, which required them to adapt to aggressive marketing strategies and fluctuations in demand. However, these difficulties were overcome with discipline and teamwork, leading the brands to stand out nationally and internationally, even under adverse economic conditions such as increased tariffs and taxes. These achievements highlighted the ability to manage uncertainty and thrive in changing situations. In reflecting on these experiences, it is important to consider how they have shaped the identity and core values of sales teams.

Trade advisors mentioned that import tariffs significantly impacted the automotive market, initially boosting sales due to early purchases. However, starting in April, higher prices reduced demand, especially for foreign and premium brands. To counteract this,

other brands adjusted prices and offers, which helped stabilize and even increase sales in some cases. Brand loyalty and effective marketing strategies also played an important role. Chinese brands took advantage of the change in the market to stand out, demonstrating the importance of adapting quickly to new economic conditions.

Respondents believe that, despite the increase in taxes such as VAT and ICE, the vehicle market remained stable in 2023, thanks to subsidies and financing strategies that allowed consumers to purchase higher-value vehicles, raising the average ticket. Brands adopted measures to mitigate the impact of tariffs, such as absorbing part of the additional costs and offering attractive promotions, which helped maintain competitiveness. In addition, price , especially in lower maintenance costs, favored certain brands, making them more accessible. Together, these strategies and the dealerships' ability to adapt contributed to stable sales, despite external economic pressures.

When discussing with interviewees the strategies adapted to counteract the tariffs, they mentioned that the automotive companies implemented various strategies to manage the economic impact. While some brands absorbed part of the cost of the increase, they were also forced to increase prices. Chinese brands, in particular, adjusted their pricing strategies to capture a larger market share, while other brands faced greater challenges in adjusting their prices. In addition, dealerships emphasized direct contact with customers through test drives and personalized experiences to highlight the quality of their vehicles. Despite the 15% VAT increase, dealerships managed to avoid negative results and mitigate the impact on customers. Consumer reaction was mixed: some initially resisted the price increase, but many adapted over time, adjusting their expectations and budgets.

The increase in import tariffs has generated greater price among vehicle consumers, which has had a diverse impact on their behaviors and preferences. Many customers have sought more economical options, considered other makes and models, or opted for used vehicles to offset higher costs. This shift in preferences has led to a decrease in demand for high-end vehicles and an increase in interest in more affordable models, including Chinese brands that offer good value for money. Dealers have responded by adjusting their sales strategies and promotions, offering incentives and discounts to attract and retain buyers. Although most customers have shown dissatisfaction and increased price sensitivity, a significant portion remain loyal to the brands, recognizing that price increases are a consequence of external economic factors. This commitment and loyalty has enabled dealerships to maintain a strong customer base despite economic difficulties.

The interview reveals a noticeable shift in consumer preferences toward smaller models, influenced by price increases and vehicle availability. Consumers have begun to place more value on the offerings and attractive features of economical models, leading to a decline in demand for premium brands in favor of more affordable options. Despite the

competition, premium brands maintain their appeal among customers who value excellence and prestige, helping them retain a strong base of loyal consumers. When import tariffs were mentioned, they have significantly impacted the competitiveness between traditional and Chinese brands in the automotive market. The need to compete with the low prices of Chinese brands has forced traditional brands to improve their sales and pricing strategies, benefiting consumers. Despite the increase in prices due to tariffs, traditional brands are trying to educate customers about the price-quality ratio and the track record of their products. In short, Chinese brands have gained market share, while traditional brands have had to adapt quickly to remain competitive. It was noted that there was no clear trend in the preference between the purchase of new and used vehicles. Some customers opted for used vehicles due to the more affordable prices, especially in light of the increase in the cost of new vehicles due to tariffs. However, many consumers preferred to purchase new vehicles because of the warranty and more up-to-date technology they offer. The used vehicle market continues to be active, reflecting the economic constraints faced by many buyers, who cannot always afford a new vehicle, whether on credit or cash. Brands responded to this dynamic by offering clear information on the advantages and disadvantages of both options, helping consumers make informed decisions. In addition, the digitalization of marketing, driven by the pandemic, allowed brands to reach more potential buyers through the Internet, which has influenced purchasing decisions. This evolution in marketing and sales has been crucial in adapting to changing market and consumer needs. Brands have had to adjust their marketing and sales strategies in response to import tariffs and price increases. Instead of resorting solely to direct discounts, traditional brands have chosen to focus on special events and benefits to avoid damaging their brand image. The evolution of marketing has led to a greater need to offer tangible benefits and measurable results in campaigns to stand out on social networks and other media. Some brands have launched more aggressive promotions and discounts, enhancing campaigns to highlight value for money and optimizing financing options. In addition, they have implemented bonuses and incentive programs to alleviate the impact of price increases and improve the shopping experience, thus maintaining competitiveness and customer loyalty. These loyalty strategies and focus on added value have been crucial in attracting and retaining customers in a challenging economic environment. It was mentioned that, due to import tariffs, there has been an increase in demand for used vehicles because they are more economical. However, promotions and discounts on new vehicles have attracted some consumers, highlighting the importance of marketing strategies. Preferences between new and used vehicles vary according to the offers available, warranties and technology of the new models. The used vehicle market remains relevant, but brands offering both types of vehicles have been able to influence customers' decisions through promotions and price adjustments.

Key strategies include focusing on quality, offering long-term benefits, and maintaining transparent communication with customers. It is important to adopt new technologies, especially electric vehicles, and improve the charging infrastructure. Efficiency in the supply chain, innovation in locally produced vehicles, and diversification of import sources are crucial. In addition, negotiating better terms with suppliers and seeking strategic alliances will help reduce costs and maintain competitiveness.

## CONCLUSIONS

After an exhaustive analysis of consumer preferences in Guayaquil with respect to vehicle brands, clear trends towards certain manufacturers stand out. The brands that stand out are those that combine perceived quality and reliability; characteristics that significantly capture the attention of the local market. Perception of safety, availability of after-sales service and brand reputation emerge as determining factors in the purchasing decisions of consumers in Guayaquil.

In addition, there is a growing inclination towards brands that incorporate innovative technologies and have a clear commitment to environmental sustainability. This reflects an evolution in the expectations of the Guayaquil consumer towards vehicles that not only satisfy mobility needs, but also align with values of environmental responsibility and long-term technological progress.

The analysis of sales variations of the main vehicle brands during 2023 reveals significant fluctuations in their market share. Some brands have experienced remarkable growth, possibly driven by effective marketing strategies, new model launches or strategic pricing adjustments to better respond to local expectations. On the other hand, some brands have faced challenges in increasing their share, probably due to intensified competition or external economic factors.

Regarding the impact of import tariffs in the year 2023, a generalized increase in the cost of vehicles sold in Guayaquil has been observed. This increase has significant upward pressure on sales prices, affecting accessibility and demand in certain segments of the local market.

Brands have responded by implementing price structure adjustments, optimizing the supply chain and diversifying suppliers to mitigate these effects. However, consumers face a reality of higher prices, which could influence their purchasing decisions and the competitive dynamics among manufacturers in and around Guayaquil.

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